7

LSA

0   20,000   40,000
FEET

Legend

. Surrounding County Boundaries

Library Service Area

Cities within Library Service Area

Cities outside the Library Service Area

FIGURE 11.1

Santa Clara County
LAFCO Municipal Service Reviews

Santa Clara County Library Service Area

D. Library Governance Study

Cindy Maxwell, Principal Administrative Analyst, Planning Department –
Introduced Ruth Metz, of Ruth Metz Associates, who made a presentation on the Library Governance Study "draft".

Ruth Metz – Indicated the Council wanted to better understand its options for library services. Some of the underlying issues are local control, funding, the quality of library services, community support and non-resident use. The assignment was to: 1) assess current library services in Milpitas, 2) analyze alternative governance models and 3) identify major issues related to those models. The findings are summarized as follows:

1) Milpitas has a good library system. One issue is space limitation in the current building. Milpitas' library has a diverse collection; response from the community is they want greater diversity in languages and format. Circulation more than doubles in comparison to sister municipal libraries. Milpitas has a friendly and knowledgeable staff.
2) There are five models for libraries in California, two of which are practical for Milpitas. Milpitas currently uses one of these models – Joint Power Authority (J.P.A.) structure; the second model is the municipal library structure. The issues that surfaced in conducted interviews were used to analyze these two models. Either of these models would work for the City. Without making a statutory change to Milpitas' current system, the City could purchase additional services from the County.
3) Non-resident use is around 54% circulation. Revenue for non-resident use comes from the state. A conservative estimate of Milpitas' revenue coming from transaction based reimbursements is $26,000 - $40,000. Right now the money goes to the Santa Clara County (S.C.C.) Library district. Some major cost issues are – technology, facilities, staffing, library collection and operating costs. It is questionable how much of the current money going into the library from taxpayers would be recoverable by the City of Milpitas, how the parcel tax will be handled and the consequences of detachment from the S.C.C. system.

Milpitas has a very effective county system and gets good service under the current model. Ultimate local autonomy comes at significant cost as noted in the report. **Recommendations:** For now, make the most of the current structure; revisit the vision of the library; if the City decides to establish a city library, include a 2-3 year roll-out plan and include sufficient time to make the changes and not make this difficult for the public.

Vice-Mayor Gomez and Council Member Debbie Giordano – Are in agreement with the recommendations. This will be brought to the Library Subcommittee and then the Library Advisory Commission followed by presentation at the full City Council.

City of Milpitas
Library Subcommittee Meeting
City Hall Committee Conference Room
Meeting Notes
Tuesday, June 27, 2006

UNAPPROVED MEETING MINUTES

1. Flag Salute   Mayor Esteves led the Committee in the Pledge of Allegiance.

2. Call to Order   Mayor Esteves called the meeting to order at 5:36 p.m.

Attendance:

City Council:	Mayor Jose Esteves
Absent:	Councilmember Livengood
Staff:	Mark Rogge, Emma Karlen, Greg Armendariz, Donna Biles
County Library Staff:	Linda Arbaugh
CSI Consulting:	Tom Hedges
Group 4 Architecture:	Dawn Merkes
Chong Partners:	Geoff Adams
Ruth Metz Associates:	Ruth Metz

3. Public Forum (remarks limit to 3 minutes):
- None

4. Announcements:
- None

5. Approval of Agenda:

- Mayor Esteves approved the agenda.

6. Approval of Minutes – May 23, 2006

- As a quorum was not present, the minutes were not approved

7. Library Government Report

Ruth Metz, of Ruth Metz Associates, presented the Draft Library Governance Study. The study evaluates alternative library governing structures and assesses current library services. It did not recommend a specific course of action. She reported the study begain in December and ended in April and that she met with the Finance Subcommittee on June 7 and planned to present to the Library Advisory Commission on June 28 and the City Council on August 1, 2006. A copy of the full report was distributed to the Committee and attendees.

Ms. Metz's presentation covered the following areas:
- Underlying Issues
- Method of the Study
- Findings
- Current Library Services
- Alternative Models

- Major Issues
- Conclusions and Recommendations

Mayor Esteves posed questions regarding the estimated costs for a Milpitas City Library versus a Santa Clara county Library JPA. Staff responded that it would cost an additional $1.57M to operate a Milpitas City Library, the funds for the library come from 2% of the Transit Occupancy Tax which would not make up the difference, and funding would ultimately come from the General Fund. Mark Rogge stated the library is planned for the current system and it was estimated that an additional 5,000 sq. ft. would be needed to house services currently provided off-site by the County library if the Council decided on a Milpitas City Library. He noted that the additional funds are not in the current library project cost plan. Milpitas City Library operating costs, replacement costs, detachment costs and transition costs were also discussed Ms. Metz noted that another study would have to be undertaken if the Council were to decide on a Milpitas City Library model.

8. Progress Report

a. Library
Mark Rogge reported they are on schedule and currently at 95% Construction Documents. He presented the project schedule, budget expectations and cost plans. He noted that the City Council would be requested to approve the bidders list and authorizes advertisement of bids on October 3, and award of the construction contract is scheduled for December 19. Mr. Rogge further presented the building permit process and fees noting the total would be close to $351,000. He noted the total project is estimated at $39M and presented slides on the design.

b. Garage
Mark Rogge presented the project schedule and budget expenditures, garage final revised estimate, building permit process, bidding schedule and construction issues. He stated the City Council would receive the construction contract results on August 1. Pre-qualified contractors are Devcon, Nibbi, Overaa, SJ Amoroso and West Bay Builders. He stated the total project budget is $12.5M and presented slides of the design. He reported the total building permit fees are $120,735 and the special inspection fees are $145,084. Mr. Rogge reviewed the change order authority expenses and asked what would be preferred dates for the ground breaking ceremony tentatively scheduled for September. Mayor Esteves stated he preferred the ceremony to be on a Saturday.

c. Site Preparation
Mark Rogge reviewed the schedule for ground abatement and site preparation. He reported the estimated completion date for this phase is August 30.

d. North Main Street
Mark Rogge reviewed the North Main Street Utilities project schedule, Good Neighbor Program and development projects. He noted that the phase II utilities are at 95% completion with the exception of clearing the garage site which is complete. Remaining work will continue after PG&E transfers service to the new gas main. Completion of Phase II is anticipated in August 2006, dependent upon PG&E and AT&T. He stated the Good Neighbor Program includes business open during construction signs, a "Find it in Milpitas" directory binder, notices to invite participation in the directory, and a public service ad.

Mayor Esteves requested a copy of the presentation. [*Post meeting note: a copy of the presentation was placed in the mailboxes for both Mayor Esteves and Councilmember Livengood the following day.*]

8. Other Business:

- None

9. Set Next Meeting Date:

Mark Rogge suggested that the July meeting be canceled as they would not have the bid results and that if the Subcommittee wished a special subcommittee meeting, it could be scheduled prior to the August 1 City Council meeting. Mayor Esteves approved canceling the July 25 meeting.

Next meeting is Tuesday, August 22, 2006.

10. Adjournment:

- Meeting adjourned at 7:04 p.m.

LIBRARY ADVISORY COMMISSION
CITY OF MILPITAS
Special Meeting - Monday, June 28, 2006

UNAPPROVED MINUTES

Call to Order:	Chairperson Hay called the meeting to order at 7:00 p.m.
I. Roll Call	Present: Aoalin, Chou, Estandarte, Estioko (Alternate), Hay, Montano, Phan(Alternate)
	Absent: Stephens, Wang
	Council Liaison: Giordano
	City Staff: Maxwell
	County Staff: Arbaugh, Cervantes
II. Alternates	Alternates Estioko and Phan were seated.
III. Salute	The Chair led the Pledge of Allegiance.
IV. Public Forum	None
V. Agenda	**Motion** to approve the agenda as submitted.
	M/S: Estioko/Aoalin Ayes: All
VI. New Business	
Library Governance Study	Maxwell noted the handouts: a memo from the County, a map showing district boundaries, a "Snapshot of Cost Tables" and a paper copy of the slide presentation. She provided a presentation using slides and indicated the Finance and Library Subcommittees had favorably reviewed the report. Maxwell reported that the City Council would review the report at their August 1 meeting. Maxwell answered questions regarding contract services and representation on the Joint Powers Authority.
	The Commission discussed phasing in a change to a municipal library, local control issues, and whether current services needed enhancement.
	Linda Arbaugh, Milpitas Supervising Librarian, compared the operation of the Mountain View municipal library to Milpitas' existing library.
	Motion to recommend the City Council stay with the existing library governance system and consider subsidizing enhanced library services with Transient Occupancy Tax revenues.
	M/S: Estioko/Hay Ayes: All
VII. Adjournment	The Chair adjourned the meeting at 7:55 p.m. to the next regularly scheduled meeting on July 17, 2006 at 7:00 p.m.

FINAL REPORT

LIBRARY STUDY FOR THE CITY OF MILPITAS

Ruth Metz Associates and Jeanne Goodrich Consulting

July 26, 2006

ABOUT THE CONSULTANTS

Ruth Metz

Ruth Metz is the principal consultant for Ruth Metz Associates of Portland, Oregon. Ruth Metz Associates specializes in library strategic planning, organizational development, and leadership development. Ms. Metz is author of *Coaching In the Library: a Management Strategy for Achieving Excellence*, published by the American Library Association, 2001. She is an executive coach for library executives and boards. She is a former Deputy Director of Multnomah County (OR), and has held senior management positions at the Oakland Public Library (CA), the Bay Area Library and Information System (CA), the Colorado State Library, and St. Clair County Community College Learning Resources Center (MI). Ms. Metz earned her B.A. and M.L.S degrees from the University of Michigan.

Jeanne Goodrich

Jeanne Goodrich is the principal consultant for Jeanne Goodrich Consulting of Portland, Oregon. Jeanne Goodrich specializes in public library planning, job analysis and design, and data collection and analysis. She is co-author with Diane Mayo of *Staffing for Results: a Guide to Working Smarter*, published by the American Library Association, 2002. She is a former Deputy Director at Multnomah County Library (OR) and has been the Director of the South San Francisco Public Library and the Idaho Falls Public Library as well as Assistant State Librarian for Planning and Development at the Nevada State Library. Ms. Goodrich has also managed technical and extension services for the Fort Vancouver Regional Library (WA). She earned her B.A. from Idaho State University and her M.L.S. from the University of Oregon.

Joe Ford

Joseph Ford is president and principal consultant of Joseph Ford and Associates, Inc., a library technology consultancy in business since 1989. Mr. Ford's firm specializes in technology planning, budgeting, and acquisition of capital IT systems for libraries and library consortia. He has conducted more than 150 projects involving more than 500 libraries. His professional background includes management and marketing positions with library system vendors, executive director of the Capcon Library Network in Washington DC, Network Librarian with the Federal Library and Information Network, and five years in technology related positions with the Library of Congress. Mr. Ford earned his MLIS from the University of Washington, M.A. from Western Washington University, B.A. from Washington State University, and the "Diplom" from Lund University, Lund, Sweden.

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PREFACE

In the course of this study, the consultants have made every reasonable effort to obtain the relevant information from the principal parties. The estimates and approximations in this report are based on the information provided to the consultants. The consultants acknowledge the assistance of the many individuals who provided historical and contextual information for this report. A complete list is included in Exhibit A.

EXECUTIVE SUMMARY
BACKGROUND AND PURPOSE

The question of how best to provide library services to Milpitas residents has surfaced from time to time for members of the City Council. Issues underlying this question have to do with local control, funding, the quality of local service, community support, and non-resident use. At the threshold of building a new 60,000 square foot library, the Milpitas City Council wants to better understand its options for providing library services to residents of the City.

In order to better understand its options, in November 2005, the City of Milpitas hired the consultant team of Ruth Metz, Jeanne Goodrich, and Joe Ford to:

* Assess current library services

* Analyze alternative library models suitable for Milpitas

* Identify major issues related to the models

Over the next four months, the consultants obtained and studied relevant data and documents, studied and compared structural models, interviewed and consulted stakeholders and key informants, and conducted selected library site visits throughout the region. See Exhibit A for a list of those interviewed and consulted and for libraries visited. The results of the study are presented in this report.

QUALITY AND EFFECTIVENESS OF CURRENT LIBRARY SERVICES

The consultants found that Milpitas residents enjoy high-quality library services. By all measures, the Milpitas Library is effectively serving the community. It provides a wide range of services suited to its diverse service population through a knowledgeable and helpful staff. It provides a highly used print and non-print collection for all ages in a variety of languages. Its programs for children, teens, and adults are well-attended. It is well-funded, well-used, and well-regarded. In addition, Milpitas taxpayers are getting good value for their tax dollars.

The most cited limitations have to do with space. Service and collection limitations relate to the small size of the current building. These space-related issues will be addressed with the planned new building, which will be three times the size of the current facility.

The quality, effectiveness, and efficiency of the Milpitas Library is possible through its membership in the Santa Clara County Library (SCCL). The SCCL is justifiably rated among the top libraries in the nation. The SCCL has made good on a long-held vision for strong, community-based libraries, good collections, and expert staff. To many observers in the California library community, the SCCL has been a model of creativity in surviving the waves

of funding reductions that have swamped libraries in California for the last three decades. Some attribute the SCCL's high national ranking in recent years to its past resourceful leadership and the relatively good funding that leadership salvaged for the library.

ANALYSIS OF ALTERNATIVE LIBRARY STRUCTURES

The Milpitas City Council has two practical options for providing library services in Milpitas. They are the current SCCL joint powers authority (JPA) model and a city library model. The option that gives the City the most control over the library is the city model because the City Council is the governing authority. The model that is likely to serve the public best is the current model because it provides good quality library service to Milpitas with the option to purchase additional services. The current model is also the best value for Milpitas. Under the current model, Milpitas residents get all the benefits of membership in the SCCL for an estimated buy-in of $2.9 million in fiscal year (FY) 2005-06 (see table, page 63). They also get an excellent community library that would cost the City an estimated $4.97 million in operations.

That being said, Milpitas is a city that is coming of age. Many of those interviewed for this study spoke of this theme. The City has major development projects under way or in the planning stages: the Midtown Specific Plan, of which the library is a part, the Transit-Sub-area Land Use Plan, and residential and non-residential development. Over 26% of the City's 13.6 square miles is in redevelopment. Key City and Redevelopment Agency projects include the new library, major infrastructure improvements, and a new senior center. The new library can be a powerful catalyst for building a sense of place at the "crossroads of the Silicon Valley." If this is one of the goals of the City Council, the city model may be the best alternative. If a Milpitas city library is well funded and well led, it has the potential to be an extraordinary City asset as well as a quality library service provider.

MAJOR ISSUES RELATED TO ALTERNATIVES

The major issues related to these alternatives are:

Technology	For the City of Milpitas to provide services equivalent to those now delivered through the SCCL, the City would have to replace several essential and potentially costly systems.
Staffing	The SCCL employs the staff of the Milpitas Library. Staffing a Milpitas city library will add an estimated 44 FTE employees to the City's payroll.
Intra-System Services	Access by Milpitas residents to the collections and services of other libraries in the region could become more difficult.
Library Collection	The Milpitas Library contains a collection of approximately

	242,000 items.[1] The disposition of these items would have to be negotiated.
Detachment/Establishment Process	There is a formal process for withdrawing from the system. The City is responsible for initiating the process and for observing all applicable laws and regulations. There is also a formal process for establishing a municipal library.
Costs	Basic operating costs for a Milpitas City library will significantly exceed the current costs. Asset replacement costs could be several million dollars, depending upon negotiations and legal resolution. Other costs relate to the detachment from the SCCL, the establishment of a City library, spill-over costs to other City departments, and annual lost revenue pursuant to the building lease agreement.
Consequences of Detachment	If the City of Milpitas withdraws from the SCCL, it may negatively impact library services in the region.

A decision to detach from the SCCL and to establish a city library would set in motion a series of overlapping processes:

- Legal process for detachment from the SCCL
- Legal process for establishment of a Milpitas city library
- Negotiations between the City and the SCCL-JPA related to property distribution
- Planning, procurement, and installation of replacement systems and services
- Service continuity plan
- Staffing and compensation plan; hiring, training, and orientation of employees for a Milpitas city library
- Negotiations with the union regarding new employees
- Public information and community relations preparatory to and throughout the transition

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[1] Estimates vary depending upon the source content and date

SUMMARY OF RECOMMENDATIONS

The following recommendations, presented in summary form here, are treated in more detail in the Conclusions and Recommendation section of this report.

1. For now, make the most of the current library structure. Use the City funds to enhance library services. Enlist the help of the SCCL, the Library Advisory Commission, and the Friends of the Library to build community support for the library. Be imaginative and resourceful in applying City library resources to make the library a source of identity and pride for the residents of Milpitas.

2. Just as there would be negotiations to detach from the SCCL, there can be negotiations to stay in the SCCL-JPA. Consider this question: "What could the SCCL-JPA do to make the City of Milpitas want to stay in the SCCL"? For a JPA to work, its leadership and its membership must purposefully engage, communicate, and participate with one another. Only in this way can the members of the SCCL-JPA find solutions to the conflicts that are inevitable in any JPA.

3. Before deciding to establish a city library, be explicit about the goals so that the community can get behind it. For example, is the goal to have the services exceed those provided under the SCCL? What particular library services does the City Council want provided that are not now being provided? Is the goal to build community support for the library? Is it to make the library an extraordinary example of a city library? Driving the City Council's choice about the structure of the library should be its vision for the library. Then, the City Council will want to weigh the short term and the long term fiscal impact on the city and the cost/benefit ratio of a decision to pursue the city library alternative.

4. If the City Council decides to detach from the SCCL and establish a city library, develop a plan. Allow enough time to accomplish the processes involved in the detachment from the SCCL and the establishment of a Milpitas city library. Provide a transition manager and the resources for City staff to accomplish the plan.

INTRODUCTION

PURPOSE

The City of Milpitas is on the threshold of building a new 60,000 square foot library to replace its 19,500 square foot library. The Milpitas City Council wants to better understand its options for providing library services to the residents of Milpitas. This study was commissioned by the Milpitas City Council so that it could better understand its options regarding the provision of library services. As requested, the purpose of this study is to provide the Milpitas City Council with:

1) An evaluation of the quality and effectiveness of current library services

2) An analysis of alternative library models suitable for Milpitas

3) Major issues related to the provision of library services under these models

BACKGROUND

The City of Milpitas is located near the southern tip of San Francisco Bay, forty-five miles south of San Francisco. Often called the "Crossroads of Silicon Valley" because it is situated between major freeways, throughways, and mass transit systems of the high-tech region, it is a community that has undergone enormous growth and change since its incorporation in 1954.

In a half-century, the population of Milpitas has grown from 800 to 65,000. Its economic base has shifted from predominantly agricultural to industrial to high tech. Its workforce has become increasingly diversified and sophisticated. It is arguably the most economically and ethnically diverse community in Santa Clara County. It is also an increasingly affluent community. Anecdotally, several individuals interviewed by the consultants remarked that Milpitas is a community that is becoming increasingly affluent yet has many working-class families who are struggling to make ends meet.

The Santa Clara County Library (SCCL) has provided library service to Milpitas since 1912. It operates under a joint powers authority (JPA). The parties to the JPA agreement include Santa Clara County and the cities of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Milpitas, Monte Sereno, Morgan Hill, and Saratoga. The rest of the county is served by city libraries in Los Gatos, Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale.

As a county library system, SCCL ranks high among its peer libraries in the state and the nation. Despite over three decades of financial challenges imposed by Proposition 13[2] and ERAF

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[2] Refers to annual tax limits per Article XIIIA of the California Constitution. The term normally is describing the maximum amount of any ad valorem tax on real property, which is one percent. *Ad valorem* means "based on value."

legislation[3], the SCCL has successfully developed a strong, community-based library system of national repute. In addition to effectively operating the library system, the SCCL has helped fund the construction of new and renovated libraries in each of the member communities, built a strong, multicultural, well-used collection, kept pace with library technology and services, and built and maintained a healthy fund reserve for the system.

Not only is the Milpitas library well-used, it is well regarded by residents of Milpitas. Except for the obvious limitations of space, the library is generally praised for its collections, services, and customer service. Recently conducted surveys[4] indicate that beyond having more space and parking for the library, residents would like more hours, collections, and multi-lingual staffing.

ISSUES

Issues that gave rise to this study have to do with local control, funding, quality of local service, community support, and non-resident use. These issues are briefly explained below. They are the basis for the assessment of the library structural options for Milpitas later in this report.

Local control

The City of Milpitas wants to influence as much as possible the operation of the library, including offering generous hours and collections. For example, the City Council was disappointed when in the fall of 2004 the library closed on Mondays. It was especially disappointed that the SCCL-JPA Board denied the City at the time the option of paying to retain hours. The issue of local control means more to the City Council, however, than this particular incident might suggest. It isn't only a matter of who decides what services are provided. City Council members are sensitive to the fact that residents hold them accountable for the community library; yet some feel powerless to directly satisfy constituents when it comes to the library.

Funding

Some City Council members are concerned that the SCCL's funding will remain static and therefore inadequate to sustain library services, much less to enhance it. Particularly with a new building in store for Milpitas residents, some City Council members are concerned that SCCL will not have the resources to meet the expectations for service in Milpitas. They point, for example to the May 2005 failure of Measure B, which asked voters to increase the parcel tax for the SCCL. SCCL officials expected that passage of Measure B would have provided a stable revenue source for growth over the next 10 years.

Quality of Local Service

The City Council wants library service levels and the quality of service to be at least as good as that now provided by the SCCL. "Better services" translates to those named by residents in recent surveys: chiefly space, hours, and collections. Some council members are worried that the

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[3] Educational Revenue Augmentation Fund (ERAF) refers to the fund that was established for the deposit of monies deducted and transferred from counties, cities, and special districts (Revenue and Tax Code section 97.2). ERAF is commonly referred to as the property tax shift.
[4] Arroyo Associates, Inc. *Library Needs Assessment*, June 26, 2002.

SCCL static funding and the authority of the JPA Board to control service levels will conflict with the demands of Milpitas residents for service. Council members appreciate that the Santa Clara County Library is highly rated nationally. They would like the Milpitas Library to be also highly-rated.

Community Support

Voters in Milpitas did not support the SCCL's Measure A or Measure B at the polls.[5] Measure A, which replaced the benefit assessment with a Mello Roos parcel tax, passed in all other district jurisdictions and the unincorporated county but failed in Milpitas. Measure B, which would have increased the parcel tax failed by a slim margin to get the required 2/3rds voter approval. Milpitas had the weakest voter turnout and showed the weakest support for Measure B.

City Council members have mixed opinions about the underlying reasons for this outcome. Some believe that voters would have voted differently if the library were a city library. Some also speculate that residents would become more engaged in financially supporting a library foundation if Milpitas were a city library. Some city council members think that the Friends of the Library would be able to generate more funds if it were a city library. Becoming a city library, for some City Council members, symbolizes the City's coming of age.

Non-resident Use

The June 14, 2005 staff report to the City Council on library operations[6] identified unincorporated service area costs as an issue. As a member of the SCCL, Milpitas Library serves residents and non-residents of the district, the county, surrounding counties, and the state. This is because the SCCL participates in a program that promotes access to library resources for all Californians across jurisdictional lines. The state program is under the California Library Services Act (CLSA)[7]. It partially reimburses net lenders; that is, those library jurisdictions that loan more than they borrow. The underlying question is whether or not Milpitas residents would receive better service if non-residents paid a service fee for using the Milpitas library.

M E T H O D

Beginning in November 2005, principal consultants Ruth Metz and Jeanne Goodrich undertook this study of the Milpitas Library. In the course of the study, the consultants:

- Studied governance, funding, services, operations, and costs of the current SCCL-JPA model and a Milpitas city model

- Procured the services of library technology consultant Joseph P. Ford to study the information technology impacts under a city library model

- Studied documents provided by City staff and SCCL administration, as well as relevant state and local documents obtained through research

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[5] Updated Library Operations Analysis, Cindy Maxwell, City of Milpitas, June 14, 2005, p. 10-11
[6] Updated Library Operations Analysis, Cindy Maxwell, City of Milpitas, June 14, 2005, p.11
[7] CLSA promotes resource sharing and interlibrary cooperation throughout the state; the act partially subsidizes the practice.

- Conducted four visits to Milpitas to see the library and meet with stakeholders and key informants

- Interviewed additional principal library stakeholders and key informants by telephone

- Visited the city libraries of Mountain View and Livermore for comparative purposes

- Visited the Pleasanton Library for comparative purposes and because it is a library that detached from a county library system (Alameda County)

- Interviewed the associate director of the San Leandro Library because it is a library that does not participate in the CLSA

- Consulted experts in California library structure, governance, and funding

The consultants then synthesized the information, wrote and reviewed drafts with key informants and City staff, and then produced this report. Mr. Ford's findings are integrated into the synthesis. His summary paper, *Key Issues in Library Information Technology: Review of the Impacts on the City of Milpitas of Operating Its New Library as a Municipal Library*, is included as Exhibit B in this report.

This report is organized into three main sections, followed by conclusions and recommendations and finally, the exhibits:

Evaluation of Current Library Services

The consultants studied library services provided to Milpitas through the SCCL. The consultants examined these services in relationship to the community being served. They studied how the library's inputs, outputs, and results compare to those of similar libraries. In addition to analyzing inputs such as staffing, library materials, and the operating budget and outputs such as visits, books borrowed, and questions answered, the consultants also took into account customer and community satisfaction with the library and the ratings of the SCCL. This section summarizes the consultant's findings.

Alternative Structures for Milpitas

The consultants studied the basic structural models under which libraries are organized in California and their suitability for the City of Milpitas. This section includes a description and comparison of the two practical alternatives for Milpitas. They are the current SCCL-JPA and a Milpitas city library.

Major Issues Related To Alternatives

The consultants identify and discuss in this section the major issues related to the practical alternatives for the City of Milpitas. The major issues include: technology, staffing, intra-system services, the library collection, the detachment process, costs, and the consequences of detachment for library services in Milpitas and the region.

EVALUATION OF CURRENT LIBRARY SERVICES

BACKGROUND

The Santa Clara County Free Library was formed in 1912[8] under the California's county free library law by the County Board of Supervisors. It began operating in July 1914[9]. Revenue for the Library came from a 1% property tax set by the County Board of Supervisors for the purpose of operating a County Library.[10] The County Library was governed by the County Board of Supervisors.

Until the 1950s, the County Library served the Cities of Sunnyvale and Morgan Hill and the unincorporated areas of the County, including the communities of Alum Rock, Campbell, Cupertino, Los Altos/Los Altos Hills, Milpitas, Monte Sereno, San Martin and Saratoga. In the 1950s as the County population grew and as the city of San Jose expanded, these unincorporated communities except for Alum Rock and San Martin incorporated and remained part of the County Library. Elsewhere in the County the cities of Gilroy, Los Gatos, Mountain View, Palo Alto, San Jose, and Santa Clara had long-established independent city libraries.

In 1958 the County Board of Supervisors authorized the Greenaway study[11] to assess the condition of library services as the basis for deciding its future direction. Consultant Emerson Greenaway essentially advised the County Board of Supervisors to either fund library services adequately or to get out of the library business. He recommended three main objectives:

1) Build good collections
2) Improve services with professional staffing, and once these objectives were strongly in place
3) Develop library facilities in partnership with communities as time and resources allowed.

The County Board of Supervisors acted on Greenaway's advice and recommendations. They hired the County Library's first professional County Librarian, George Farrier. They gave Mr. Farrier authority to act on the Greenaway recommendations. They also increased the budget for development of the collections and staff.

According to past county librarians Barbara Campbell and Susan Fuller, the decision to act on the recommendations of Emerson Greenaway set a course that influenced the development of the Santa Clara County Library over the next 50 years.[12] It was to become a library system that

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[8] Telephone Interview, February 7, 2006, with Barbara Campbell, Santa Clara County Free Library Director, 1973-1984
[9] Santa Clara County Library Profile, Melinda Cervantes and Sarah Flowers, p. 9
[10] Santa Clara County Library Profile, p. 10
[11] "A Metropolitan Library System for Santa Clara County: Studies on the Organization of Library Services to Meet New Population Demands." May, 1958. Emerson Greenaway was considered an innovator in library organization and practice in the 1940s and 1950s. At the time of the study, he was the Director of the Philadelphia Free Library and President of the American Library Association.
[12] Telephone interviews, Barbara Campbell, February 7, 2006 and Susan Fuller, Santa Clara County Librarian, 1985-2002, February 8, 2006

put collections and services ahead of buildings. In keeping with the inevitable urbanization of the County, it was to become an urban service library system, gradually consolidating its many small outlets into urban community libraries. Inherent in the strategic decision to develop an urban service library system was the intention to work hand-in-hand with the cities to build community-based libraries as the foundation of a county-wide library system.

Since the Greenaway Study, there have been two rounds of library construction in the County Library system. The first County Library building plan was launched in 1960.[13] The cities agreed that County Library revenues would be used to construct community libraries, one at a time. The cities would use their bonding authority to finance the construction. The County Library operating budget would pay off the bonds through leasing agreements with the cities in return for free lease of facilities for a specified period of time thereafter. The first library built under the 1960 plan was Los Altos in 1964 and the last was Milpitas in 1983.

In 1990, the County Board of Supervisors approved a policy to build a reserve fund for future space needs. When lease payments ceased, an equivalent amount would be held in a building reserve fund for future space needs. In 1996, the SCCL-JPA Board approved a library building expansion policy that anticipates growth needs through 2015. In 1999, the County Library acknowledged that for a variety of reasons, "...the financial optimism which led to the 1996 building policy was unwarranted."[14] In 2000, voter approval of the City of Milpitas Measures H and I authorized an increase (Measure I) in the Transient Occupancy Tax (TOT) and that TOT funds could be used to build, supply, and enhance library services (Measure H). A variety of City funding sources will help fund the new, larger Milpitas Library which is scheduled for construction in 2008.

The composition of the County Library has been generally stable over the years. Changes have included the withdrawal of the city of Sunnyvale in 1960. It had been part of the County Library since 1917.[15] The city of Gilroy joined the County Library system July 1, 1968.[16] Operations of the Alum Rock Library were transferred in 2005 to the city of San Jose[17]. According to an MOU between the SCCL-JPA and the city of San Jose, SCCL will contribute annual funding for library service provided to the residents of unincorporated Alum Rock through 2025.

Before the passage of Proposition 13, local governments could set individual property tax rates. The average statewide tax rate in 1977/78 was equivalent to 2.67% of taxable assessed value. In 1978 Proposition 13 capped the assessed value of property at 1975-76 base year plus inflation, not to exceed 2% per year. It limited the tax rate for each individual piece of property to one percent. State and local governments were also prohibited from imposing any new *ad valorem* taxes on real property.

As the result of Proposition 13 the Library's property tax revenue decreased by 50%.[18] In the following years, the County Library struggled financially but managed to follow-through on its building program. In 1980, the County Board of Supervisors approved a formula for allocation of resources to the community libraries. The formula was designed by then County Librarian

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[13] Santa Clara County Library Profile, p. 57
[14] "Building Projects: History and Current Status", Santa Clara County Library, September 2000, p.4
[15] Sunnyvale Library History, (http://sunnyvale.ca.gov/local/SVC%20LIBRARY%20HISTORY.htm)
[16] Gilroy Library History (http://www.santaclaracountylib.org/gilroy/GIhistory.html)
[17] Santa Clara County Library Profile, p. 10
[18] Santa Clara County Library Profile, p. 10

Barbara Campbell and the member city managers. One of the principal intentions was to guarantee that services would be in relative proportion to the contributions of local tax payers. The formula included assessed property value, population, and circulation but the "return to source" principle was particularly important to its developers.

Economic growth had helped County Library revenues slowly regain ground after Proposition 13. However, the revenue gap had not been closed when in 1992/93 and 1993/94 the Educational Revenue Augmentation Fund (ERAF) legislation was enacted in California. ERAF permanently shifted 44% [19] of the County Library's property tax revenues to state government.

As a remedy to the revenue loss Library, City, and County leaders worked together for a year to develop a funding plan for the County Library. The plan included creating a "county service area" and with it a levy by benefit assessment. The Santa Clara County Board of Supervisors initiated both the creation of a Joint Powers Authority (JPA) for the governance of the County Library and a County Service Area (CSA) pursuant to Government Code 25210 et seq. for the purposes of levying a benefit assessment to help fund the County Library. In 1994, over 68% of voters approved an advisory measure to finance library services by means of a benefit assessment. The funding measure began in 1995 and ended in 2005.

In 1996 the passage of state Proposition 218 disallowed the use of a benefit assessment to fund government services, including library services. However, it allowed such services already provided by a general tax to continue with majority voter approval. Because of the voter approval in 1994, the County Library CSA was allowed to continue to its expiration in June 2005. [20]

In 2005, the SCCL-JPA put two funding measures before the voters. Measure A, which replaced the benefit assessment with a Mello Roos Community Facilities District special tax, passed with 72% of the vote. It was approved in all of the jurisdictions except Milpitas. Measure B, which would have increased the special tax, failed by a slim margin to get the required 2/3rds voter approval.

Today, the SCCL provides public library services to 409,853 residents in nine cities, including Milpitas, and the unincorporated areas of the county. The balance of the county is served by municipal libraries in Los Gatos, Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale.

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[19] Santa Clara County Library Profile, p. 10
[20] LSA Associates, Inc. Draft Service Review, Santa Clara County Local Agency Formation Commission, Santa Clara County Library Service Area, April 2006, p. II-2

DESCRIPTION

The assessment of current library services begins with a brief description of the Milpitas community and the services of the Milpitas Library. It continues with a comparison to other libraries serving populations of similar size and make-up in the region. The assessment includes state and national comparisons of the SCCL as a whole.

Black 4% · Other 3% · Hispanic 17% · Caucasian 24% · Asian 52%
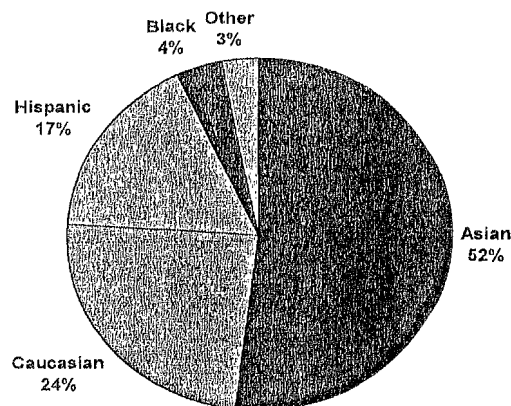
The Community

Milpitas is the most diverse city in Santa Clara County, according to the 2000 census. The chart to the right shows the racial and ethnic makeup of the city by percentages. The dominant Asian segment is composed primarily of Chinese, Vietnamese, Filipino, and Asian Indian people. The Milpitas Unified School District reports that over 50 languages are spoken in the District, making it one of the most diverse in the nation.[21]

About 24% of the city's population is under the age of 18. The percentage of the population under 5 and over 65 is the lowest in Santa Clara County.

Public libraries typically focus a considerable amount of their library materials and programming resources on young children, school age children, teens, and their families and caregivers.

Over 65 7% · Under 5 7% · 5-17 17% · 18-64 69%

Milpitas's economic history is also one of growth and diversification. The community's economic base was agricultural (Milpitas' name comes from the word "milpa" or little cornfields). It became industrial after World War II when a Ford Motor Company manufacturing plant opened. When the city incorporated in 1954, the population was fewer than 1,000 people. During the next ten years it grew to 7,000. The pace has continued as the economy has shifted from manufacturing to high tech. The economic base is now engineering,

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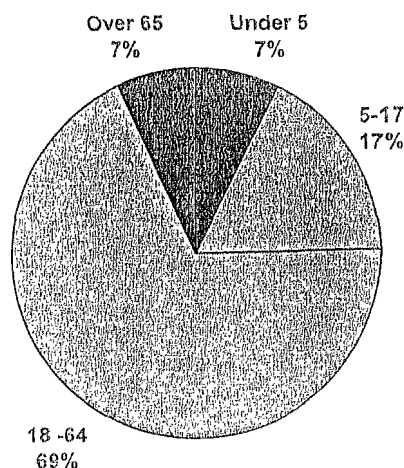
[21] Arroyo Associates, Inc. *Library Needs Assessment*, June 26, 2002. Page II-3.

research and development, product development, finance, technical services, marketing, and customer support. [22]

As would be expected with this economic base, Milpitas has evolved from a blue collar community to one in which 37% of adults have a Bachelor's degree or higher (as compared to 24% nationally and 41% for Santa Clara County as whole). The median household income is $84,429; double the national median household income and 14% higher than the median for Santa Clara County.[23]

The Library

The City of Milpitas currently provides library services for its 65,000 residents through the Santa Clara County Library (SCCL). The Milpitas Library provides the following services to Milpitas residents:

- Books, magazines, and audio-visual materials (CD's, DVD's, books on tape and CD, e-Books) in English and a variety of other languages spoken by community residents

- Daily delivery of materials among SCCL facilities and other libraries in the region

- Books and other materials for use in the library (reference, local history, current magazines and newspapers)

- Trained library staff to assist library users of all ages in finding desired materials (reader's advisory services) and in finding answers to their questions or research needs (reference services)

- Computers for public use, including electronic databases for use in answering informational and research questions, doing homework, etc.

- Programs for children, teens and adults, designed to meet the interests of various age, ethnic, racial, and language groups, and in response to school needs and community requests

- A Community Room for library and community programs and events

- Outreach services to individuals who are not able to visit the library personally because of age or disability. Volunteers deliver materials to these homebound individuals.

- Literacy services through "The Vision Literacy Program" which provides free one-to-one tutoring of English-speaking adults who are functionally illiterate and family literacy programs funded by private grants and foundations.

- Community information through the distribution of brochures, government and community publications, and the provision of bulletin board space for community

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[22] Applied Development Economics. *Milpitas Economic Strategic Plan*, July 5, 2005. Pages 25-26.
[23] U.S. Census Bureau, 2000 Demographic Profiles for Milpitas, Santa Clara County and the State of California. http//factfinder.gov

flyers, informational and meeting announcements, and display cases for exhibits of community artwork and collections.

- A Milpitas Library website, information about its hours of operation, services, collections, and local activities, such as the new library building project in Milpitas. The Milpitas website links to the SCCL website which provides links to the SCCL catalog, search engines and databases, and information about the SCCL and its services.

The following is a snapshot of the library's resources and the services that it provides. The population total in the table below is the certified population for the City of Milpitas only. As mentioned elsewhere in this report, the Milpitas Library provides services to non-residents of the city, library district, and County. Non-resident use is addressed in the "Major Issues Related to Alternatives" section of this report.

Hours Open Weekly	66
Size (in square feet)	19,500 current; 60,000 planned
Volumes in Collection	242,000
Size of Staff	36 Full Time Equivalents (FTEs)
Annual Circulation	2,050,003
Population Served	64,952
Circulation per Capita	31.56
Reference Questions Answered	89,907
Programs Presented (all ages)	242
Program Attendance	23,142

Source: Santa Clara County Library information sheet: Fiscal Year 2004-2005 and FY 2005 statistics provided by SCCL.

The Milpitas library is staffed similar to other community libraries in the SCCL that are of similar size.

Branch Librarian	1.0
Librarians	10.5
Circulation Supervisor	1.0
Clerks	13.5
Pages	9.0
Janitor	1.0
TOTAL FTE	36.0

This staffing complement provides for local management oversight of the community facility, and circulation, reference, reader's advisory and programming services to all age groups within the community. Administrative oversight, library materials selection, acquisition, cataloging,

Milpitas reference staff (Permission granted by SCCL to print photo)

processing and maintenance, outreach services, and information technology planning, procurement, operations, and maintenance is provided by the Santa Clara County Library and is not work performed by local community library staff. While the Milpitas Library staff performs tasks related to some of these functions, it is miniscule in comparison to that which would be required without the services of the SCCL.

The Santa Clara County Library is well-known and heavily used because of the depth and breadth of its collection of books, books on tape and CD, music CDs, videos and DVDs. The library has consciously built a collection that is diverse in both formats and in the languages represented, in order to meet the needs of its highly diverse communities. As the most diverse community in Santa Clara County, Milpitas possesses particularly strong needs for a diverse collection. These collection strengths are no doubt a major draw for residents as well as non-residents. The Milpitas library materials collection breaks down in the following way:

Milpitas Collection	
Category	Items
Adult	111,565
Juvenile	94,668
Teen	12,400
TOTAL	218,633

Note: This count includes circulating and reference materials only. Source: Collection Snapshot, 2005, provided by SCCL.

Age Breakdown

Teen 6%

Juvenile 43%

Adult 51%

Non-print 23%

print.

Print 77%
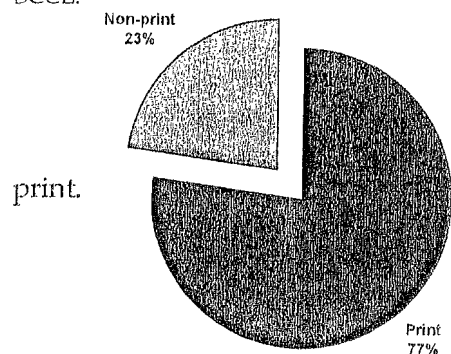
The collection is 77% print and 23% non-(CDs, DVDs, video, etc.)
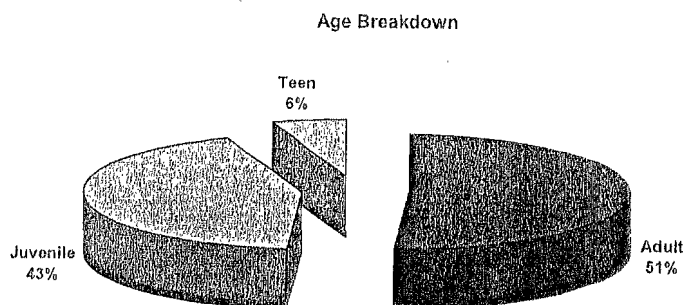
Ten percent of the print materials and 16% of the non-print materials are in languages other than English. While this percentage is less than the percentage of the population that speaks languages other than English, the percentage is growing and is higher than that of most public libraries.
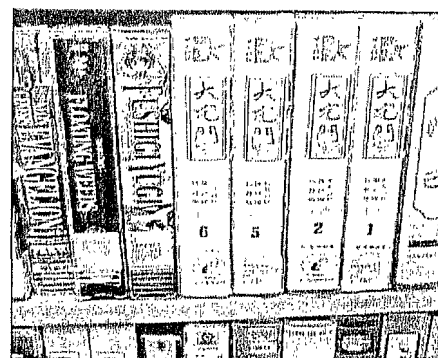
Chinese videos

The Milpitas Library is currently housed in a 19,500 square foot building completed in 1983. Originally designed to house 100,000 items, it now houses well

Exterior of Milpitas library

over double that amount. In addition, public computers, the need for individual and group study space, and a proliferation of formats (books on tapes, CDs, DVD, videos) and languages has put strains on the building that could not have even been contemplated when the building was designed over twenty years ago. Since 1980, Milpitas has grown 72%, resulting in much increased demand for library materials and services.

Planned new Milpitas library

The need for a new building is being addressed. Funding has been secured by the City by issuing Redevelopment Agency Tax Allocation bonds. Plans are underway to build a new 60,000 square foot building in the Midtown redevelopment area. The library is a key element in the redevelopment of this older part of Milpitas. The area is being developed into a pedestrian-friendly residential and commercial downtown. At the time of this writing, the city expects that building plan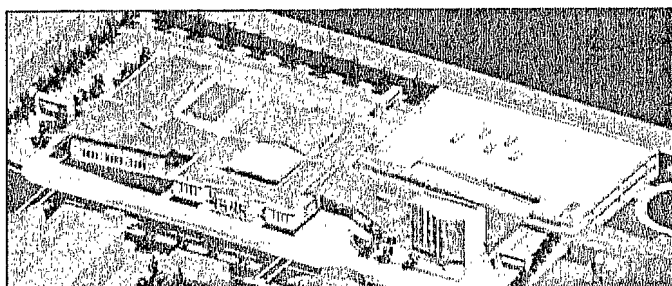s for the new library will be finalized and that bidding will begin in December, 2006. The building is scheduled for occupancy in mid-February, 2009.

Neither the current Milpitas library nor the new library is designed as stand-alone city libraries. This means that neither building has space designated for the central functions that are now provided by the SCCL from its office and warehouse space in Los Gatos. These include administrative offices, technical services, information technology equipment, and staging and storage areas for outreach and other essential services. This is a major issue for the City Council in weighing a decision about the structure of the Milpitas Library. It is further discussed in the "Major Issues Related to the Alternatives" section of this report.

ASSESSMENT

This section includes the consultants' analysis of the funding of the Milpitas Library. It includes a comparison of services of the Milpitas Library to selected other public libraries in the region. Also included is an analysis of the SCCL on the basis of national and state data and the observations of the consultants.

Funding of the Milpitas Library

Funding for the Milpitas Library comes from the SCCL. About 80% of the revenues to operate the SCCL, including its community libraries, come from property taxes assessed on properties within the district boundaries. The SCCL collects other revenues on behalf of the member jurisdictions: fines and fees, state funding, interest, and so forth. A full description of SCCL

revenue sources begins on page 38 of this report. All of this revenue accrues to the SCCL and is budgeted according to the JPA Agreement and by JPA Board policy.

For the purposes of this study, neither the County nor the SCCL could provide an account of the exact tax revenue contributed by Milpitas residents. However, the Santa Clara County Controller's office estimates that in FY 2005/06 Milpitas taxpayers will have contributed $1,761,677 in *ad valorem* property taxes.[24] For the same year, an additional $899,047 is estimated to be collected from Milpitas taxpayers for the district special tax, according to SCCL administration.[25] By these estimates, Milpitas taxpayers will have contributed an estimated total of $2,660,724 in property taxes for library services for the year.

According to the SCCL administration, the *ad valorem* property tax revenues collected from the properties within the SCCL district are pooled along with fines and fees, state funds, interest, and other district revenues. The administrative and support costs to operate the SCCL are taken off the top. The SCCL administration also budgets from this revenue pool for its reserve funds, according to JPA Board policy. The balance of the revenue pool is allocated for personnel and collections to the community libraries on the basis of a three-part formula.

The data needed to precisely show the cost of operating the Milpitas Community Library is not available. Except for personnel and collections, the County Library does not account for operational costs on a site-by-site basis. Instead, it aggregates these costs for the system.

For the purposes of comparing return on investment, the consultants have therefore approximated the cost of operating the Milpitas Library. The method used was to add to the documented costs (personnel and collections) a percentage of SCCL support service costs. The consultants used the same factor, 17.29%, which the SCCL used this year to allocate personnel and collection funds to the Milpitas Library.

This factor is the result of the SCCL allocation formula that consists of three equally weighted elements: circulation (from the previous fiscal year), state-certified population of each library service area, and assessed valuation (net any redevelopment agency impact).[26] This percentage is computed by taking each of the percentages of the three factors used in the formula, adding them together, and dividing them by three. For Milpitas, the formula works out as follows:

Population	17.576%
Assessed Valuation	12.869%
Circulation	21.430%
Formula Share	17.29%

Additionally, an allocation of the special tax revenues that accrue to the SCCL is made to the community libraries for personnel and collections. For each community library, the amount allocated is approximately the amount collected from the city plus an additional amount for the adjacent unincorporated area. Any member may also contract with the SCCL for additional

[24] Tax revenue analysis, Santa Clara County Controller, January 19, 2006
[25] Note: Milpitas property owners pay the special library tax because the authorizing Measure A was approved by the necessary 2/3rds of voters in the library district.
[26] Santa Clara County Library Profile, July 2005, page 42. This formula, devised by the County Librarian and the city managers in the County Library's service area, was developed in 1980 and was last modified in 1995, as a result of consensus obtained through the development of the County Library's revised governance and funding structure.

services; Milpitas contracts for additional hours in FY2005/06 at a cost of $242,631. This additional amount is included in the budget estimate below.

Using the personnel and library materials allocations reported in the SCCL FY 2005/06 budget, and then adding the Milpitas share of centralized costs results in this approximated Milpitas operating budget:

Milpitas Library: Approximated Budget FY 2005/06	
Personnel	$2,502,928
Library Materials	$515,270
Central Staff*	$910,831
Central Collection**	$31,641
Facilities***	$224,203
Services & Supplies	$589,018
Total	$4,773,891

*Administration, IT support, centralized materials selection, acquisitions, cataloging, processing, bibliographic database maintenance, outreach services.
**Gifts and headquarters book budget (for outreach, bookmobile, etc.)
*** Facilities charges are assigned on a *prorata* square footage basis.

This approximated *operating* budget is for 2005. It does not include technology replacement or fixed assets.

The chart to the right shows the percentage of costs by category for the Milpitas Library when the known allocation for Milpitas is combined with a *prorata* allocation for SCCL central staff and collections. The prorata allocation uses the Milpitas formula factor of 17.29%. Facilities charges are assigned on a *prorata* square footage basis.
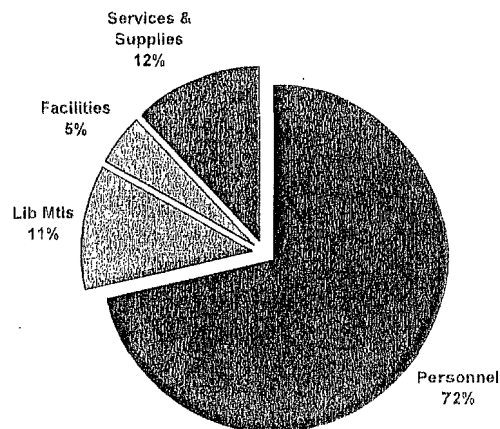
Comparative Analysis of the Milpitas Library

The service measures listed in the table below are standard statistics used by public libraries to track their own usage levels and to compare themselves to other libraries. "Turnover rate" is a measure of collection usage, similar to turn on inventory in a business. It is computed by dividing the annual circulation by holdings. "Items added" refers to the number of items added to the collection in the reported year.

	Pleasanton	Mountain View	Milpitas
Pop served	67,650	71,600	64,952
FTE	35	44	36
Program Attendance	28,882	31,516	23,142
Circulation	1,047,607	1,367,490	2,050,003
Circ Per Capita	15	19	32

Circ Per Hr Open	313	369	734
Reference	57,898	100,563	89,907
Reference per Capita	0.86	1.40	1.38
Holdings	181,503	311,586	218,633
Holdings Per Capita	3	4	3
Hrs Open/Wkly	62	64	66
Visitors	524,394	780,000	642,934
Visits Per Capita	8	11	10
Items Added	16,343	25,000	34,088
Turnover Rate	6	4	9

Source: Statistics provided by each library jurisdiction.

This comparison shows that the Milpitas Library is a very busy, well-used facility, with hours of service and productivity measures that are competitive with the other two libraries. The Milpitas Library's circulation is approximately double that of Mountain View and Pleasanton. The Milpitas library has about the same staffing as Pleasanton. It has fewer staff than Mountain View. In either case, it is important to note that the other two city libraries are staffed to provide administrative, technical services, information technology, and outreach services to their communities. All of these services are available to the residents of Milpitas but are provided by the central staff at the SCCL.

The Milpitas library can be compared nationally to other libraries serving a similarly sized population by using Public Library Data Service Data (PLDS) and comparison charts. The *Public Library Service Statistical Report* is compiled annually by the Public Library Association and provides comparable information on a number of different measurements commonly used by public libraries. Comparing the data available for the Milpitas library with libraries that serve between 50,000 and 99,999 people, Milpitas is:

* very near the top of the upper quartile in circulation per capita

* in the upper quartile in visits per capita

* just below the upper quartile mark in reference transactions per capita

* the highest in collection turnover

* above the median (50% mark) in holdings per capita

Community Satisfaction

In addition to various statistics and performance indicators that measure how well the library is doing quantitatively, it's also important to assess how well the library is doing qualitatively. What do library users, Milpitas residents, and key policy makers think of the services the Milpitas Library is providing?

Everyone interviewed in Milpitas about the library expressed satisfaction and, in most cases, strong satisfaction and even praise for the collections, services, and staff of the Milpitas Library. Some referred to the disagreement between the City and the JPA over the timing of the

restoration of Monday hours (paid for by Milpitas) as an example of dissatisfaction with the governance of the library. However, there were no complaints about the quality or responsiveness of the services provided.

Members of the Milpitas Library Advisory Commission stressed the diversity of the community and the importance that community members placed on education.[27] They said that they wanted to continue to see books, audio-visual, and other library materials and services provided in multiple languages to meet the needs of community members.

During the 2002 Library Needs Assessment[28] (2002 Assessment), stakeholder interviews, focus groups, community meetings, and community and library user surveys where employed to determine community needs and desires concerning the library. The 2002 Assessment noted that the perceptions were similar from group to group:

- The building is too small. Additional space is needed for books, computers, and readers' seats. The existing building is crowded and noisy.

- Parking is insufficient.

- The library needs more materials and more up-to-date materials. Respondents mentioned the need for materials in languages other than English, in all formats (books, periodicals, audio-visual materials). They also said that they wanted materials in English that were relevant to the cultures and backgrounds of the people living in Milpitas.

- Respondents indicated a general satisfaction with the library's current programs and services, citing for special mention the reading programs for children. They recommended that the library offer two additional services: a Computer Center and a Homework Center.

- Respondents asked for additional hours of service, including Friday and Saturday evening hours and hours on Sunday, to accommodate student and family use. (The Milpitas Library is already open 6 hours on Sunday.)

- Respondents said that staff was friendly and effective in providing service to library users. They also suggested that more multi-lingual staff members be hired to assist library users who do not speak English or who do not speak English well.

Professionally developed and administered surveys were conducted of community members and library users (in the library). The commercially prepared telephone survey sample was randomly stratified by race, ethnicity, age, income, gender, and population. The survey was administered in English, Spanish, Vietnamese, Cantonese, and Korean. The results are 95% certain within plus or minus 5%. Findings relevant to this study indicate the satisfaction that respondents have with the Milpitas library is generally very high:[29]

The ethnicity and age of library users corresponded to that of the community generally with one exception. While 17% of the community is Hispanic, only 4% of the in-library user survey

[27] January 9, 2006, meeting of the Milpitas Library Advisory Commission. Consultant Jeanne Goodrich in attendance.
[28] *Library Needs Assessment*, Arroyo Associates, Inc., June 2002, pages V-1-V-5.
[29] Ibid., pages I-1-IV-7.

respondents were Hispanic. Educational level of library users also corresponded closely to that found in the community as a whole.[30]

Respondents to the telephone survey were also asked about the Milpitas Library's materials and programs. Again, overall satisfaction was very high; however, the lowest satisfaction (at 65%) was with the quantity of non-English language materials.

City staff and library management created and conducted the in-library user survey. The survey was a self-select survey made available at four locations within the library, at various times over a three-week period. The survey confirmed what library statistics indicate: the library is heavily used and frequently visited. Nearly 30% of respondents said they visited the library to check out books, or other items, such as music, videos, books on tapes, etc. (21%). The third most frequently cited reason was to bring children to the library (11%).

When asked about their satisfaction with library services and materials, library users reported very high satisfaction levels in all areas except for those related to building and space deficiencies.

The Santa Clara County Library

The SCCL is highly-rated, according to an annual assessment known as Hennen's American Public Library Ratings (HAPLR). The HAPLR ratings rank the nation's public libraries based on the data reported annually by these libraries. Its list of the nation's top 100 public libraries is published annually in *American Libraries*, the official publication of the American Library Association. In the seven years since these ratings began, the SCCL has ranked number one (four times) or number two (two times) in its population group (250,000 to 499,999 people). In 2005 the SCCL ranked second in the nation.[31]

The data used by Mr. Hennen to compile these rankings is the information collected by the 50 state library agencies and reported at the national level by the Federal-State Cooperative System (FSCS). The FSCS is a program of the National Center for Education Statistics, U. S. Department of Education. The HAPLR scores are based on six input and nine output measures, which are weighted and then scored. The table below lists the measures and weights.

Measurement Category	HAPLR Weight
Expenditure per Capita	3
Percent of budget spent on library materials	2
FTE staff per 1000 population in service area	2
Periodicals per 1000 population served	1
Volumes per Capita	1
Cost per circulation (low to high)	3
Visits to the library per Capita	3

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[30] Ibid., pages IV-10-IV-11.
[31] Thomas J. Hennen, Jr., "Great American Public Libraries: The 2005 HAPLR Rankings," *American Libraries* (October, 2005): 42-48.

Collection turnover	2
Circulation per FTE staff hour	2
Circulation per Capita	2
Reference per Capita	2
Circulation per hour open	2
Visits per hour open	1
Circulation per visit	1

There is some debate within the library profession as to the validity of Mr. Hennen's methodology. However, his is the only effort to take the wealth of information that is collected about public libraries and use it for evaluative purposes. While the index does not reflect qualitative information (how satisfied a community is with their local library, for example) or other factors (use of children's services, public computers, electronic databases, or building size) it has become an anticipated annual measure of "the best" and most industry professionals agree that the measures used correlate with effective library services.

A 95th percentile score for all fifteen measures would put a library at the top of its population category with a score of 950. The SCCL's score in 2005 was 896, second only to top-scoring Howard County Library (MD) with a score of 917.

The detailed HAPLR report for the SCCL reveals that the SCCL scored overall at the 98.9% level, with five of the six input measures above the 75th percentile. Only the measurement of the percentage of the budget going for library materials was below this level, at slightly above the 50% mark. This is a situation typical of many California libraries. The relatively high costs for library salaries and benefits (driven by the high local cost of living) and increasing costs for of utilities and building maintenance are squeezing the amount of the operating budget left for library materials. In fact, over the last four years, SCCL personnel costs have risen 15% (due to the rising costs of health insurance, retirement, and negotiated salary increases). Funds allocated to library materials have decreased by 20%.

Eight of the nine output measures are also above the 75th percentile. The only exception is reference per capita, which is at about the 60th percentile level. The SCCL scored particularly high on four factors. These factors are shown in the table below. They are indicative of the SCCL's effectiveness in serving the public.

Factor	Amount	Rank	Percentile
Collection turnover*	6.7	1	100%
Circulation per Capita	23.0	1	100%
Visits per hour	123.2	1	100%

Circulation per visit	2.9	4	97%

*Collection turnover is computed by dividing circulation by holdings and is a measure of how well the library collection is used.

As show in the following table, the SCCL also scored very high on three measurements that are indicative of the library's efficiency.

Factor	Amount	Rank	Percentile
Cost per circulation (low to high)	$2.81	16	84%
Circulation per FTE staff hour	17.1	1	100%
Circulation per hour open	362.5	1	100%

HAPLR also provides comparisons between the subject library and other libraries of a comparable size in its state. Once again, as the following table shows, the SCCL compares very favorably.

STATE Comparisons	SANTA CLARA COUNTY LIBRARY	SONOMA COUNTY LIBRARY	VENTURA COUNTY LIBRARY	OAKLAND PUBLIC LIBRARY	SOLANO COUNTY LIBRARY	SANTA ANA PUBLIC LIBRARY
City	SAN JOSE	SANTA ROSA	VENTURA	OAKLAND	FAIRFIELD	SANTA ANA
State	CA	CA	CA	CA	CA	CA
Zip	95112	95404	93003	94612	94533	92701
Population	405,200	472,700	456,550	430,900	361,240	347,200
HAPLR Rating	896	487	200	372	529	183
Overall Percentile Rank	2	52	90	73	42	92
Expend. per capita	$64.59	$23.32	$16.24	$38.98	$29.70	$13.23
Percent Budget to materials	13.7%	12.9%	9.2%	5.6%	10.8%	9.9%
Materials Expend. Per capita	$8.87	$3.01	$1.50	$2.20	$3.22	$1.32
FTE staff per 1,000 population	0.6	0.3	0.2	0.5	0.3	0.2
Periodicals per 1000 residents	6.5	1.9	2.6	4.1	3.1	1.3
Volumes per Capita	3.4	1.5	1.7	2.5	1.4	1.0
Cost per circulation (low to high)	$2.81	$4.01	$5.03	$8.61	$4.67	$5.29
Visits per capita	7.8	5.5	1.9	4.6	4.0	1.7
Collection turnover	6.7	4.0	1.9	1.8	4.7	2.5
Circulation per FTE Staff Hour	17.1	10.1	6.4	4.2	9.3	6.8
Circulation per Capita	23.0	5.8	3.2	4.5	6.4	2.5
Reference per capita	1.1	0.6	0.3	0.8	1.2	0.3
Circulation per hour	362.5	78.2	51.9	61.1	120.0	74.3
Visits per hour	123.2	74.3	30.8	61.4	75.0	51.9
Circulation per visit	2.9	1.1	1.7	1.0	1.6	1.4

Note that population used is the service area population assigned by the Federal State Cooperative Service (U.S. Department of Education) not the census data population of the community. The FSCS web site is at: http://nces.ed.gov/surveys/public.html#contents.

National Comparison

The *Public Library Data Service Statistical Report* is compiled annually by the Public Library Association. The report provides comparable information on a number of different measurements commonly used by public libraries. For any library reporting data, percentile rankings can be computed. The rankings are based on a 100 percent scale, with zero being the lowest rank and 100 being the highest. A ranking of 50 would be the mid-point, meaning that 50% of the reporting libraries are above that point and 50% are below that point. A ranking of 75% would mean that for that measurement, the reporting library was ahead of 75% of the other reporting libraries.

Data from the 2004 edition of the PLDS Report is available through a software product called Bibliostat Connect. This web-based product provides a fast, convenient means to array and present the statistical data reported by PLDS, FSCS, and each reporting state library. Within each statistical database, data elements can be selected and comparisons and rankings among libraries produced. The PLDS report does not cover as many libraries as the FSCS database. FSCS contains information on 9,133 libraries but, reflecting the composition of the public library world, many of these serve fewer than 50,000 people. The PLDS database contains information on 915 public libraries in the United States, but almost all of the larger public libraries are included. Ninety-five libraries are in the same population grouping (250,000 to 499,999) as the Santa Clara County Library and 87 of them are in the PLDS database.

The table below provides statistical information about SCCL and indicates where it ranks in comparison to 915 other public libraries nationally. The SCCL ranks well above average according to standard measures used in the library industry. Only two measurements are below the average level: they are, "holdings per square mile" and "population per staff FTE". Collection building has been hampered by budget constraints during the last several years. Budget constraints have necessitated lean staffing levels. In short, the Milpitas library operates efficiently: it has high output and lean staffing.

Santa Clara County Library - PLDS Statistics, 2004 based on FY 2002-2003 data from Bibliostat Connect		
Data Elements	Santa Clara County Library Actual Value	Santa Clara County Library Percentile Ranking
# of Branches	9	73
# of FTE Librarians	72.5	92
# of Holdings	1,288,442	92
# of Registered Borrowers	274,389	91
% of Operating Expenditures on Collection	13.73	51
% of Operating Expenditures on Staff	60.8	29
Circulation (total)	9,302,906	97
Circulation Per Capita	23.02	97
Circulation Per Registered Borrower	33.9	96
Circulation Per Staff FTE	35,507.27	97
Collection Expenditures Per Capita	$8.89	88

Collection Turnover	7.22	99
Holdings Per Capita	3.19	56
Holdings Per Sq Miles	1,231.78	42
Population of The Legal Service Area	404,045	89
Population Per Staff FTE	1,542.16	33
Program Attendance (total)	95,024	89
Program Attendance Per Capita	0.24	51
Reference Transactions (total)	465,730	88
Reference Transactions per Capita	1.15	65
Reference Transactions Per Staff FTE	1,777.60	56
Square Miles of The Legal Service Area	1,046	84
Staff Expenditures per Capita	$39.38	87
Staff Expenditures Per FTE Staff	$60,733.00	95
Total # of Staff FTEs	262	92
Total Library Square Footage	166,740	85
Total Operating Expenditures	$26,170,267	95
Visits (total)	3,162,791	93
Visits per Capita	7.83	82
Visits per Staff FTE	12,071.72	75

State Comparison

The statistics collected by the California State Library provide a state comparison. For the 2003-2004 report, the percentile rankings on this table below are based on 179 of 183 public libraries in California. California and national statistics are reported on different cycles, so the table above and the table below contain data from two different reporting years. The table below shows that SCCL ranks in the top quartile for every measurement except the percentage of the operating expenditures spent on salaries and wages, which is a positive cost containment ranking.

Santa Clara County Library - California Library Statistics: based on FY 2003-2004 data as reported by Bibliostat Connect		
Data Elements	Santa Clara County Library Actual Value	Santa Clara County Library Percentile Ranking
# of Branch Libraries*	8	78
# of Librarian FTEs	73.5	94
% of Non-English to Total Circulation	11.06	89
% of Operating Expenditures on Collection	15.15	90
% of Operating Expenditures on Salaries, Wages	50.67	35
Circulation per Capita	24.61	98
Circulation per Registered Borrower	37.29	99
Circulation per Staff FTE	41,962.08	99
Circulation per Week Open	192,057.23	97
Collection Expenditures per Capita	$9.18	88
Operating Expenditures per Capita	$60.63	82
Population of The Legal Service Area	405,750	88
Reference Transactions	473,432	93
Reference Transactions Per Capita	1.17	75
Size of Service Area in Square Miles	1,046	78
Total # of Programs	2,266	86
Total # of Registered Borrowers	267,784	90
Total Circulation	9,986,976	97
Total Holdings	1,711,414	94
Total Operating Expenditures	$24,600,169	95
Total Paid Staff FTEs	238	94
Total Programs Attendance	104,055	92
Total Staff Expenditures per Capita	$40.61	80
Total Staff Expenditures per FTE Staff	$69,241.07	90
Visits	3,333,606	94
Visits per Capita	8.22	80

*The Alum Rock library is now part of the San Jose Public Library system.

Conclusions

From all measurement perspectives, the Milpitas Library is an excellent library as is its parent organization, the SCCL. It provides a wide range of services suited to its diverse service population through a knowledgeable and helpful staff. It provides a highly used print and non-print collection for all ages, in a variety of languages. Its programs for children, teens, and adults are well-attended. The community rates the library highly. The Milpitas Library provides high value for the Milpitas tax dollars contributed.

The consultants found that:

- The Milpitas Community Library provides a wide range of services and collections, intentionally designed to meet the needs of Milpitas' very diverse population

- The library's performance measures indicate that it provides services that are comparable to or better than those provided by other Bay Area libraries serving a population of a similar size. Circulation, collection turnover, and visits per capita are particularly robust.

- Milpitas residents are well satisfied with the library's staff and services. They would like even more hours of operation, materials in languages other than English, and a larger building. These desires have been taken into account in planning the much larger new building.

- The library is heavily used by non-residents, due to its location, strong collections, and hours of operation.

- The library's parent organization, the SCCL, rates particularly high in collection turnover, circulation per capita and visits per capita, as well as in three productivity areas: cost per circulation, circulation per staff hour, and circulation per hour open.

- The SCCL ranks well above average when compared to other libraries both nationally and within California.

- The residents of Milpitas are receiving a favorable return on their tax investment dollars. They contribute to the SCCL approximately $2.9 million in property taxes and City revenues. The direct return to source (personnel and materials) for Milpitas ($3,018,198) exceeds its contribution local contribution ($2.9 million). The SCCL spends an estimated $4.7 million dollars (2005/06) to operate the Milpitas Library.

- The most cited limitations of the Milpitas Library relate to space. Service and collection limitations relate to the small size of the current building. These space-related issues will be addressed with the planned new building, which will be three times the size of the current facility.

ALTERNATIVE STRUCTURES FOR MILPITAS
BASIC PUBLIC LIBRARY STRUCTURES

This section of the report describes the basic models under which libraries are organized in California. It also addresses their suitability for the City of Milpitas. This section then describes and compares the two practical options for the City of Milpitas. They are the current SCCL-JPA and a Milpitas city library.

There are five basic library structural models under which libraries are organized in California: county general fund libraries, county special district libraries, city (municipal) libraries, special district libraries, and joint power authority (JPA) libraries.[32] These basic structures are briefly described below.

County General Fund Libraries

County general fund libraries are established under the county free library law.[33] Often, county libraries are county-wide and serve the entire county; that is, there are no city or special district libraries in them. They are governed by the county board of supervisors. The county librarian is appointed by the county board of supervisors through the county administrator. There are about 23 general fund county libraries in California[34]. Most do not have an advisory board or commission. Typically there is no direct representation in governance by the cities in the county unless there is an advisory board, commission, or committee.

The purpose of this structure is to provide library services to unincorporated areas of a county; however, cities can opt to be included in a county library rather than provide municipal library service. Likewise, a county library can contract for services with a city or special district library.

County Special District Libraries

Alternatively, local officials or voters may initiate a county service area (CSA)[35] to provide library services. They may include unincorporated and incorporated areas. After review and approval by the local agency formation commission (LAFCO), the County Board of Supervisors holds a public hearing and in some cases an election.

There are an estimated 25 CSA libraries in the state. [36] CSAs are "dependent" special districts; that is, they typically are under the authority of the county. Most have an advisory board,

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[32] "Formation, Governance, Financing and Service Area" document, by April Manatt, LSTA Project Consultant, California Library Organization project, Sacramento Public Library, Sacramento California, December 2005
[33] Education Code 19100
[34] Public Library Organization in California, compiled by Linda Wood to assist the Restructuring California Public Libraries Joint Task Force, circa 1995. Text avail:
http://www.saclib.org/california_Public_Library_organization/
[35] Government Code 25200
[36] Public Library Organization in California, compiled by Linda Wood

commission, or committee structure to provide representation for the cities served by the county library as well as the unincorporated areas.

Independent Special District Libraries

An independent special district is its own public jurisdiction with an elected board of trustees. An independent special district can be initiated by the county supervisors after petition of voters[37] or residents or taxpayers[38] and approval by LAFCO. Creation of the district requires an election and voter approval. Voters also elect a five member library district board. Depending upon the state laws under which they are formed, some independent special districts may only serve unincorporated areas while others may service unincorporated and incorporated areas. Independent special district libraries may be funded with a parcel tax. There are 11 independent special districts libraries in the state.[39] Typically, they include one city and the surrounding unincorporated areas. Typically they are smaller than countywide.

Joint Powers Authority (JPA) Libraries

Two or more library authorities of any type may consolidate by contract to jointly govern a library system.[40] The JPA contract stipulates governance, funding, service area, and other provisions of the agreement. It also addresses detachment from the JPA and dissolution of the JPA. Typically, the governing body is comprised of representatives from the member jurisdictions. JPA libraries can use any funding means available to its member agencies. There are only a handful of JPA libraries in California and they vary considerably in form.

City Libraries

City (also called municipal) libraries are established by the legislative body of any given city in California.[41] The legislative body authorizes a library board of trustees to manage the library. Some general law cities have authorized their city councils as their library board. The duties of the boards of trustees are defined by State law. The city librarian is appointed by and reports to either the administrative board, city manager, or the mayor, depending on local interpretation of municipal library law. Funding can be from any source available to the city. There are 101 city libraries in the state[42]. Generally, city libraries formed before their county libraries. City libraries in the County of Santa Clara are San Jose (1850), Santa Clara City (1852), Los Gatos (1887), Palo Alto (1894), Mountain View (1902), and Sunnyvale (1912 and again in 1960).

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[37] Education Code 19400
[38] Education Code 19600
[39] Public Library Organization in California, compiled by Linda Wood
[40] Government Code 6500
[41] Under California Education code, Section 18900
[42] Public Library Organization in California

Practical Alternatives for Milpitas

Different laws apply to cities and counties for establishing libraries. A city cannot establish a county library or a county special district library. Likewise, a city cannot establish an independent special district library. The independent special district library is a legally separate entity from counties and cities. It is established by county supervisors after petition from voters, residents, or taxpayers, and approval by LAFCO. Generally, the independent special district library model is used to create a service district of proximate, relatively small cities and their adjacent unincorporated areas. Most independent special district libraries are located in southern California.

The only conceivable way the City of Milpitas could take advantage of the independent special district library model is if, under the appropriate education code, the city's residents petitioned for a district and its establishment is approved by LAFCO. However, this model is not practical for the City of Milpitas for these reasons:

- The unincorporated areas adjacent to Milpitas are already part of the SCCL district
- The independent library district model is typically governed by an elected library board and not by the city council
- Approval by LAFCO is highly doubtful: establishment complicates government in the County

The consultants also considered for the City of Milpitas the option of annexation to another library jurisdiction or the possibility of entering into a joint powers agreement with another jurisdiction. However, there is not an adjacent library district that Milpitas could join nor are there more suitable jurisdictions with which Milpitas might enter into a JPA. Furthermore, the goal of greater control over the Milpitas Library is not remedied by either of these options. Governance under any joint power authority is vested in a board representative of the parties to the joint authority.

In conclusion, the City of Milpitas has two practical options for structuring library services in Milpitas. These options are to continue under the current structure of the SCCL-JPA or to establish a Milpitas city library. Either of these structures can allow the Milpitas City Council to provide the quality and level of library services it wants. The city model offers more local control because the City Council is the governing authority. However, as this report later explains, it is very expensive compared to what is possible under the current model.

SANTA CLARA COUNTY LIBRARY-JOINT POWERS AUTHORITY

The SCCL may be one of the more unusual case studies in library structural development in California. It began in 1912 as a county general fund library. It has evolved into a hybrid: it is a county library governed by a JPA Board. Library, County, and city leaders have resourcefully worked together to finance the County Library through several funding crises.

Proposition 13 and the Educational Revenue Augmentation Fund (ERAF) legislation each in their turn dealt blows to the financial viability of the SCCL. As previously discussed, the general erosion of funding prompted library and community leaders to find new funding mechanisms.

By law, cities have independent authority to provide library services within their jurisdictions. On that authority the governing bodies of Milpitas, Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Monte Sereno, Morgan Hill, and Saratoga together with the County of Santa Clara entered into a legal agreement to form the SCCL Joint Powers Authority (JPA). As permitted by law, they created a separate public entity that is responsible for the development, administration, and operation of an integrated public library system.

Governance

The SCCL-JPA is administered by a governing board comprised of representatives from each of the nine city councils plus two members of the Santa Clara County Board of Supervisors. Each city designates a city council member who is a voting member and may also designate an alternate voting member. The County Board of Supervisors may designate two voting alternates. The manner of selection and terms of membership are at the discretion of each appointing authority.

The officers of the SCCL-JPA are the president, vice-president, and secretary. The president and vice-president are elected by the SCCL-JPA Board annually from amongst the voting members. The secretary is appointed by the SCCL-JPA Board and need not be a voting member. A Finance Committee oversees all matters pertaining to finance. The Finance Director of the County is the fiscal agent for the SCCL-JPA. The Board appoints ad hoc committees to assist in the development of standards, policies, and procedures.

The SCCL-JPA Board must meet quarterly but may meet more frequently. All meetings of the Board are subject to the provisions of the Brown Act. The SCCL-JPA Board and its staff is responsible for insuring that general state laws concerning libraries are observed.

The County Librarian is the Executive Director of the SCCL-JPA, and is appointed by and reports to the County Executive. The Executive Director also reports to and staffs the SCCL-JPA Board. The Board may make recommendations to the County Executive relating to the selection and performance of the County Librarian.

The SCCL-JPA Board determines all policies relating to library services, organization, and staffing and service levels. Although not specified in the SCCL-JPA Agreement, each community library has a citizen advisory commission which advises its city council concerning library matters. This advisory structure was developed under the leadership of then County Librarian George Farrier and continues today.

The basic premise of the SCCL-JPA is that library services are enhanced and provided more efficiently by a coordinated program among the members comprising the district. The stated purpose of the SCCL-JPA agreement is that the member jurisdictions join together to provide library services within their communities. The Agreement sets the terms by which the SCCL-JPA functions. It may be modified by the parties to the agreement subject to California Government Code 6500. The SCCL-JPA Agreement was last amended in the fall of 2001 to

restate and clarify its powers and to explore other funding options. This amendment prepared the way for the formation of the SCCL Community Facilities District No. 1, the funding mechanism that in May 2005 replaced the expiring benefit assessment.

The SCCL-JPA has the "common authority" of its members to do all that is necessary or convenient and lawful for its stated purpose. For example, it can make and enter into contracts, employ agents, acquire, construct, manage, or operate any building, works or improvements, acquire, hold, or dispose of property, incur liabilities or obligations, and sue and be sued in its own name.

The power of the SCCL-JPA is in effect until the termination of the Agreement. Termination of the Agreement occurs when 60% of all its members approve termination. The agreement to terminate must include a plan for the disposition of the SCCL-JPA's assets. The disposition plan is generally subject to government code[43] and is specified in the SCCL-JPA Agreement. However, the SCCL-JPA can change its disposition plan to reflect changes in the SCCL-JPA and its sources of funding by amending the Agreement prior to its termination.

Members may withdraw from the SCCL-JPA with advance written notice to the Board. This notice must be received by the SCCL-JPA Board no later than August 1 for withdrawal in the succeeding fiscal year, effective July 1. The SCCL-JPA Board must acknowledge in writing to the withdrawing authority its receipt of the notice of withdrawal and file the notice as an amendment to the Agreement with the Secretary of State.

Funding

The SCCL-JPA receives property taxes and other revenues as specified in the agreement. The SCCL-JPA Board is also authorized by law to levy and collect special taxes and to otherwise raise revenue to finance its activities.

The 1% property tax the SCCL receives accounts for about 60%[44] of its revenue. In May 2005, voters approved formation of a Community Facilities District and with it a special tax. It replaced the benefit assessment that expired at the end of June 2005. The special tax accounts for about 20%[45] of the Library's revenue. The Community Facilities District special tax is authorized through June 2015.

The parties to the SCCL-JPA Agreement have committed to continuing revenue sources at their current proportion to the extent permissible by law. These sources are property tax apportioned to the SCCL, Motor Vehicle in-Lieu taxes from the county, county retirement levy for county library employees, state and federal funds, state grants to the SCCL, and interest earnings.

The state funds include those issued under the Public Library Foundation (PLF) and the CLSA. The California State Library administers PLF and CLSA funds. It also administers federal Library Services and Technology Act (LSTA) funds. LSTA funds are typically awarded to libraries on a competitive basis for designated purposes.

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[43] Government Code, Section 6511
[44] Fiscal Year 2005-2005 Revenue Projection, Santa Clara County Library, JPA Packet dated June 6, 2005, p. 4.
[45] Ibid.

Other revenue sources not specified in the SCCL-JPA agreement but which are included in the SCCL's budget are contributions from cities for additional services, other library services, contributions and donations from individuals and Friends groups, miscellaneous income, and County of Santa Clara fund transfers. The SCCL-JPA is authorized to invest funds not immediately being used to operate the SCCL.

All of the community libraries have Friends groups who raise funds for their libraries. Additionally, Cupertino Library has a foundation and Los Altos has a library endowment for this purpose. These funds are for the use of each community library.

Santa Clara County Library Revenue Sources		
REVENUE SOURCE		DESCRIPTION
Library share is 1% general property tax		1% tax rate against the net assessed valuation of property in the SCCL service area
	Property Tax – Current Secured	"Secured" means taxes are assessed against real property, that is, land and structures
	Property Tax – Unsecured	"Unsecured" refers to property that can be relocated and is not real estate. For example, business equipment, fixtures, boats, and airplanes.
	Supplemental Roll	Receipts from supplemental assessment on properties which have changed ownership or had new construction. Supplemental assessment is the tax levied on the difference between the new base year value and the exiting taxable value.
	Property Tax – Unitary Roll	tax roll assessed by the State Broad of Equalization which is not able to be designated to a particular local tax rate area (TRA); e.g. power lines, railroad tracks. Tax receipts are distributed to local jurisdictions on a formula basis.
Library Fines and Fees		Overdue fines and facility use fees paid by the public
Interest earnings		Interest earnings on library funds
Motor Vehicles in Lieu Tax		Motor vehicle property tax collected by state as part of vehicle registration process and distributed to cities and counties. The SCCL has typically received a portion of the County's receipts.
Homeowner Property Tax Relief		The County Auditor claims reimbursement to the State Controller on behalf of local agencies for the tax revenue lost due to homeowners property tax exemptions
State		State grants for Literacy
		CLSA funds help public libraries share resources; the program awards transaction-based reimbursements to libraries for direct loans and interlibrary loans
		Public Library Fund: Education Code program under which the state contributes funding for basic local library service under specified conditions
Federal		Federal LSTA competitive grants administered through the California State Library
Contributions from Cities		Cities may opt to purchase services from the County Library; e.g., Milpitas and Los Altos-Los Altos Hills are purchasing additional hours. Under a MOU with the City of San Jose, the

	Santa Clara County Library contributes to the operation of the Alum Rock Library for library services provided to residents of Unincorporated Alum Rock.
Special Library Tax (Measure A: Mello-Roos Act Community Facilities District)	Replaced Benefit Assessment for enhanced services expired in June 2005 Special tax to continue existing library hours and services All funds stay local Parcel tax; $33.66 maximum special tax (single-family home/condo) $5.98 million appropriations limit Authorized in May 2005 for 10 years Effective July 1, 2005
Other library services	Silicon Valley Library System delivery contract
	Private and non-state grants
Contributions and donations	Contributions to the library system from individuals and community Friends of the Library groups
Miscellaneous income	Rebates, refunds, etc. SCCL does not apply for nor receive e-rate funding
Transfer from County	For service to unincorporated areas

According to the SCCL-JPA, the overall allocation of its resources is made on the basis of the following criteria:

- Honor legal contracts such as building leases and maintenance
- Maintain current service hours and extend hours whenever possible
- Augment the materials account so that it will eventually be at least 15% of the total budget
- Maintain sufficient reserves
- Employ the most current technology feasible
- Maintain strong support services at the lowest possible costs to focus service at the community library level.

Operations

The SCCL is structured to provide (1) *direct service* to the public through the community libraries and the bookmobile, and (2) to provide the underlying *support services* to facilitate the best possible service at the community level.[46] Support services are defined in the SCCL-JPA Agreement as equipment, acquisitions, administration, and central staff. The SCCL-JPA Agreement authorizes the SCCL-JPA Board to appropriate up to 10% of special tax proceeds to fund support services.

The community libraries are located in the cities of Campbell, Cupertino, Gilroy, Los Altos, Milpitas, Morgan Hill, and Saratoga. These are full-service libraries, meaning that each provides the full complement of public library services. These services are described in the following section. The SCCL headquarters in Los Gatos houses most of the support services which are defined in the *County Library Profile* as:

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[46] Santa Clara County Library Profile, July 2005, p. 48.

- The Systems Office (technical support for the library's computer systems and networks)
- Technical Services (orders, catalogs, and processes the materials in the library's collection)
- The Business Office (manages personnel, payroll, accounting and purchasing, and coordinates building and equipment maintenance)
- Administration (directs and manages the department including budget and support to elected officials and commissions)
- Collection and Program Development and Outreach (manages the development of the SCCL collection, training of professional staff, and supervision of the bookmobile and the literacy program)

The headquarters building is leased by the SCCL. The community library buildings are owned by the member cities. The SCCL leases the community libraries as a way to pay off the cities' bonds or other city financing of building construction. In those cases where the debts have been retired the SCCL, by prior agreement, has the use of the building rent free for a specified period of time. However, it contributes an amount equivalent to the lease payment to the Capital Development Reserve (Building Reserve) for future space needs.

The lease agreements between the SCCL and the individual cities require the SCCL to maintain the buildings, including capital improvements like roof replacement and re-carpeting. The SCCL is also required to keep the buildings attractive and in good repair. Major capital improvements and rent are separately tracked by facility in the county's financial management system. Annual rent and maintenance expenses are included in the SCCL operating budget.

Personnel including the County Librarian are employees of the County of Santa Clara. They are subject to county labor agreements and personnel and merit system rules. Salaried employees are hired through the county civil service procedure while hourly workers are not. The SCCL uses volunteers in the community libraries as well as in the outreach programs of the library.

The County of Santa Clara provides legal, purchasing, payroll, budget, treasury and other services to the library system. It is reimbursed for the cost of these services. The FY 2005-06 budgeted expenditure to the County is $754,053; this is an increase of 86.72% compared to the FY03-04 budget. The SCCL may contract with individual cities or other entities for library services, facilities, or administrative support.

Services[47]

The SCCL provides a combined total of 419 hours per week of library service through the eight community libraries. It also provides bookmobile service at 33 stops throughout the district. It manages a collection inventory of 1.682 million volumes, and a staff of 255.3 FTE for the benefit of all of its member jurisdictions. It manages a database of 267,784 borrower accounts that circulate nearly 9.5 million volumes per year.

The community libraries provide public access to the collections, reference, reader's advisory, circulation, and programs of the SCCL. The community library staff helps the public locate and use the collection, computers, and library facility. Each community library plans programs

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[47] Quantities, such as number of hours, volumes in the collection, circulation and reference transactions, etc. are from the Santa Clara County Library Information Sheet, Fiscal Year 2004-2005, published June 1, 2005.

(predominately geared toward pre-school and school-aged children) that benefit the community. Most of these programs are staged at the community libraries, but some occur in schools and other community venues.

Collectively, the community libraries handle over 450,000 reference questions annually in person or by telephone. The SCCL system of reference referral helps staff at the local level answer questions beyond the scope of the community library. This system includes the Central Reference unit of the SCCL, located at Cupertino, and the Silicon Valley Library System (SVLS). The SVLS is a cooperative network of county libraries and among other services provided to its members, handles reference questions referred from the SCCL's Central Reference.

The SCCL sponsors "The Vision Literacy Program" which offers tutoring for illiterate English-speaking persons age 16 and older. The SCCL reaches homebound persons who cannot go to the library because of age or disability. Volunteers deliver library collection materials to residences through this Special Outreach Service (SOS).

As noted on page 22 of this report, the allocation of personnel and materials in each community library is based on a prescribed methodology. The JPA allows for the methodology to be adjusted if necessary to provide minimum service levels at all community libraries. The minimum service levels are:

- 30 hours, 5 days per week of operation at every community library
- 20 hours per week at branches such as Woodland
- Bi-weekly bookmobile service
- Administrative, collection and technical services, including support appropriate to public hours listed above

Any member of the SCCL-JPA may contract for additional services. For example, Milpitas is purchasing additional hours. Los Altos and Los Altos Hills have established the North County Library Joint Powers Authority to fund additional hours, materials, and services.[48]

Budget

The current-year operating budget for the SCCL is $26,334,283. The table below shows the estimated revenues and requested expenditures. In addition to the operating budget, this year's budget includes an allocation of $4.464 million from the SCCL technology reserve fund. This additional allocation is a portion of the amount committed by the SCCL-JPA Board toward a multi-year plan for technology improvements. In October 2003, the SCCL JPA Board committed $9,795,000 of its undesignated fund balance to specific technology improvements through 2007.[49]

This fiscal year, an estimated $3.9 million is budgeted to acquire automated sorting systems for four community libraries with circulations over 1.5 million; the new Milpitas Library is one of these. Another $375,000 will replace the County Library's telephone system, and $189,600 will acquire a print management system for the public computers throughout the SCCL. Including

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[48] The North County Library Authority was established in 1985. Voters approved a tax levy in 1985 and in 1990 to supplement library services.
[49] The SCCL JPA Board adopted the "Technology Replacement and Improvement Plan, 2003-2006", Santa Clara County Library, October 23, 2003.

operations and the allocation from the technology reserves, the total SCCL current year budget is $30,798, 883.

SANTA CLARA COUNTY LIBRARY FY 2005-2006[50]		
Estimated Revenue:		
Property taxes	$	15,716,600
State Sources	$	3,109,200
Library Special Tax	$	5,400,000
City/County Contribution	$	885,483
Fines and Fees	$	730,000
Other	$	493,000
Total Current Revenue	$	26,334,283
Transfer from Tech Reserve	$	4,464,600
TOTAL	$	30,798,883
Requested Expenditure:		
Personnel	$	18,183,520
Books and Materials	$	2,885,000
Facilities	$	1,859,067
Services and Supplies	$	3,406,696
Total Operating Budget	$	26,334,283
Technology Replacement	$	546,600
Fixed Assets	$	3,900,000
Subtotal Non-Operating	$	4,446,600
TOTAL	$	30,780,883

In the current fiscal year, service levels are being maintained and the collection budget has increased. However, certain structural shortfalls, particularly retirement fund and insurance costs, are responsible for most of the increased cost of operations[51]. These structural shortfalls of the budget, which apply to the County as a whole, are not expected to be remedied by the moderate economic recovery of the County.[52] In part, the "Technology Replacement and Improvement Plan" is designed to help manage the increasing workload in the system without the addition of staff. The technology plan emphasizes customer self service, customer convenience, and staff efficiency.

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[50] Santa Clara County Library Fiscal Year 2005-2005 Final Budget, June 9, 2005, p. 1
[51] Santa Clara County Library, Fiscal Year 2005-2006 Final Budget, June 9, 2005, p. 1.
[52] Comprehensive Annual Financial Report, County of Santa Clara, 2005, p. ii

Recent projections show that the gap between library revenues and library expenditures is expected to narrow. The following table shows the projected revenue and expenditures and the net balance for five years. [53]

SANTA CLARA COUNTY LIBRARY Financial Forecast Summary			
Fiscal Year	Projected Revenue	Projected Expense	Net +/(-)
2005-06	$ 27,390,483	$ 26,280,000	$ 1,110,483
2006-07	$ 27,921,173	$ 27,444,150	$ 477,023
2007-08	$ 28,502,316	$ 28,143,524	$ 358,792
2008-09	$ 29,230,489	$ 28,861,921	$ 368,568
2009-10	$ 29,966,843	$ 29,599,880	$ 366,963

However, according to SCCL administration, the library's financial status is much improved as the result of the passage of the special tax in 2005. This and the SCCL-JPA Board's commitment to "frugal expenditure" are expected to keep the library operating within budget.

The SCCL has reserves and fund balances, both designated and undesignated, to sustain and maintain the library system. These funds are summarized below[54].

Santa Clara County Library: Reserves and Fund Balance Summary		
Title	Amount	Purpose
Capital Development Reserve	$669,650	a.k.a., Building Reserve: to address specific future library space requirements
Reserve for Future Operation	$5,330,400	a.k.a., Technology Reserve: for large, costly computer system upgrades and equipment replacement
Fund Balance: Designated	$1,721,857	For economic uncertainty
Fund Balance: Designated	$2,646,484	For emergencies and other unforeseen needs
Total	$10,368,391	

Except for a modest increase in property tax revenues, the total of "other revenue sources" has declined since FY 2003/04 (see the table below). This decline in "other revenue sources" is

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[53] Santa Clara County Library Five-year Financial Forecast, Fiscal Years 2005/06-2009/10, Santa Clara County Library Joint Powers Authority Board Transmittal, February 23, 2006
[54] Santa Clara County Library Fiscal year 2005-2006 Final Budget, June 9, 2005, p. 14.

largely attributable to state funding reductions. The following revenue projections predate the approval of a substantial increase in state funding for the PLF and TBR programs.

Santa Clara County Library: Revenue Projection[55]				% change
Revenues	FY 03-04	FY 04-05	FY05-06	2003-06
	Actual	Projected	Budget	
Property taxes	$ 15,241,714	$ 15,315,000	$ 15,383,795	0.93%
Other Sources	$ 11,088,988	$ 10,810,200	$ 10,617,683	-4.25%

Based on the approved budget and state-certified population (1-1-2004), the SCCL FY2005-2006 per capita expenditure is $64.92. According to the most recent State Library Statistics (2005), it was $60.63 for FY 2003-04, the highest in its population group of California libraries.

MILPITAS CITY LIBRARY

Governance

The Milpitas City Council has the authority to establish a city library under the California Education Code, Section 18900. The City Council can appoint an administrative board of trustees; some jurisdictions have designated the city council as the board. The library director is appointed by the city council or its designated representative.

Funding

City libraries may be funded from any source available to the city. Typically, the base funding for city libraries is a city's general fund. Other revenue sources for public libraries include service fees, rents, interest earnings, revenue from the sale of library property, and grants, gifts and donations made to the library. The table below summarizes and briefly explains the sources that are often included on the revenue side of a city library budget.

Typical City Library Revenue Sources	
Revenue Source	Description
City General Fund[56]	Used to account for money that is not required to be accounted for in another fund Includes sales and use tax, property tax, local taxes such as business license tax, transient occupancy tax, and utility user taxes, state administered revenue sources (e.g. vehicle license fee, and property tax in lieu of vehicle license fee) Property tax revenue is collected by counties and allocated according to state law among cities, counties, school districts and special districts.

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[55] Op.cit. From Fiscal Year 2005-06 Revenue Projection, p. 4

[56] from "A Primer on California City Finance," League of California Cities, reprinted from *Western City Magazine*, March 2005

Fees	Printing, Interlibrary loan, reserves, library card replacement, etc., printing
Facility Rental	Fees for use of meeting rooms, rental of library space for events
Sales	e.g., café, bookstore, merchandise, movie ticket
Library cards	Non-resident
Collection rental	e.g., video, book
Library fines	Overdue and replacement fines
State Funds	Transaction-based reimbursements (direct loans, interlibrary loan) The FY 2005/06 State appropriation was $11.62 million.
	Public Library Foundation (PLF)
	Literacy Funds
Federal Funds	Library Services and Technology Act (LSTA): completive grants
Donations/gifts	Friends of the Library
	Library Foundation
	Corporate, private, individual
Grants	local, state, federal, corporate e.g., Community Development, Council for the Humanities, Arts Council
Inter-government	Compensation for services provided to another jurisdiction
Special Tax	Must be accounted for in a separate fund. City must prepare an annual report regarding the tax rate, revenue collected and expended, and status of the project funded by the special tax.

Cities may impose any tax not preempted by state law. All taxes are either general or special taxes. General tax revenues may be used for any purpose. Special tax revenues must be used for a specific purpose. Two-thirds of voters must approve a new special tax, including its increase or extension.

Operations

As a city library, Milpitas would need additional staff to perform the administrative and support services now provided by the SCCL. City libraries have a library director who is usually a city department head reporting to the city manager or mayor. The library director typically has one or two executive assistants to handle department paperwork such as purchasing, accounts payables, payroll, library board packets and minutes, and to provide administrative support to the director and library board.

Likewise, a Milpitas city library would need a "technical services" division or otherwise contract for these services. Technical services acquires, receives, catalogs, and processes library books and other materials. Library staff members in this division also maintain the library's catalog, now an electronic database. As materials are added to the collection, records must be added. As they are relocated or removed, records must be changed or deleted. Most of the work of this library division is of a highly specialized professional or paraprofessional nature.

A division head, two skilled paraprofessionals, and one or two clerks would be needed to handle clerical work and physical processing of materials. Because of the number of languages that Milpitas needs in its collection, an additional professional position (or the equivalent in part-time positions) would be needed to provide cataloging expertise in multiple languages.

A Milpitas city library would also need library information technology expertise on staff. The new library building is planned to contain over 300 pieces of technology-related equipment. As a city library, the equipment count will be even greater because the city will need to acquire and operate the servers and equipment to provide the information technology that is now provided by the SCCL: an integrated library system, patron self-check, automated materials handling, and wireless environment within the library building.

The integrated library system (ILS) is at the heart of a public library's information technology environment. It provides library users with an online catalog (OPAC), supports the checking out and in of library materials, and allows desired materials to be requested. In addition, the ILS supports a large variety of staff operations, including materials purchase, cataloging and processing, inventory processes, record keeping, and report generation. For a fuller treatment of the technology requirements of a Milpitas municipal library, see Exhibit B: *Key Issues in Library Information Technology: Review of the Impacts on the City of Milpitas of Operating Its New Library as a Municipal Library.*

Either the Milpitas city library or the city's Information Services Department would need to hire a systems administrator (to plan and manage servers, applications, operating system for library technology) and a desktop technician (to install, operate, and maintain desktop computers, peripherals, and software).

As part of the SCCL, Milpitas residents have been provided with bookmobile and other outreach services. While the expense of acquiring and operating a bookmobile is deemed prohibitive by most cities of Milpitas' size[57] some sort of service to those who cannot come to the library should be provided. Usually .5 – 1.0 FTE paraprofessional position is budgeted for this service.

Historically, the SCCL has invested heavily in the library collection which is recognized throughout the region for its depth and breadth. A Milpitas city library will be challenged to maintain a collection that is rich and varied in languages and format without the support services of the SCCL. It will have less buying power than the SCCL, so may not be able to negotiate equivalent discounts. With a smaller technical services staff, a Milpitas city library would not have the depth of expertise in selecting, acquiring, and cataloging non-English language materials. An option for a Milpitas city library is to purchase these services from a library vendor to acquire and catalog its materials. It may also be possible to contract with another library for these services, but there has been limited success in doing this because of time and resource pressures.

A Milpitas city library would have to negotiate contracts for the electronic databases currently provided through the SCCL. If it joined the Silicon Valley Library System[58] (SVLS) it would be able to take advantage of the database access that SVLS has negotiated. A Milpitas city library would also have to find a substitute for the delivery service provided by the SCCL. The delivery service transports books, library mail, and other materials for distribution throughout the SCCL system. Residents of Milpitas will continue to want to borrow materials from libraries

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[57] A bookmobile can cost up to $250,000 or more, plus personnel to operate it and provide services, plus fuel, insurance, maintenance, garage space.
[58] Most public libraries in California belong to cooperative library systems, organized under the CLSA. The systems provide a number of cooperatively managed and funded services such as delivery of library materials among member libraries, negotiated discounts on electronic databases, and expert reference support. All public libraries in Santa Clara County belong to the Silicon Valley Library System.

in the county, region, and state. Thus a delivery mechanism will be needed to move materials to and from a Milpitas city library and these other lending libraries. If Milpitas loans its materials to non-residents, the delivery mechanism would transport requested materials and be the means of their return. Delivery issues are further discussed under *Major Issues Related to Alternatives, Intra-system Services.*

The collection housed in the Milpitas library consists of approximately 242,000 items (books, CDs, DVDs, etc.). The City of Milpitas would either have to negotiate with the SCCL to acquire all or part of this collection or purchase a replacement collection. This is explained further in the Major Issues section of this report.

Services

For the purposes of this study, the consultants have assumed that the services to be provided in a Milpitas city library would be essentially the same as those now being provided and planned for the new Milpitas Library.

For example, the service plan for the new library building includes additional services such as a computer center and a homework center. The new library building will provide space for a larger collection than at present, in both print and non-print formats and in a variety of languages. There will also be many more user seats, more public access computers, and a variety of small study, conference, children's program, and large multi-purpose rooms.

The new library building has been designed to provide the types of space and amount of space that the community wants. During the 2002 Assessment process for planning the new building, two focus groups were convened to discuss potential library services and priorities. The groups discussed the thirteen possible service priorities as described in the Public Library Association planning model, *The New Planning for Results*. Focus group participants selected four services as top priorities:[59]

- Basic Literacy – Addresses the need to improve English language reading and writing skills to perform daily tasks

- Lifelong Learning – Addresses the desire for self-directed personal growth and development

- Current Topics and Titles – Helps fulfill community residents' appetite for satisfying recreational reading and popular culture

- Cultural Awareness – Helps satisfy the desire of community residents to gain an understanding of their own cultural heritage and that of others

Focus group members also indicated that they felt the Milpitas library was a place to go to find answers to questions. They want the library to provide materials that support school assignments. They view the library as a community meeting place. They want basic information on careers and personal business skills. These priorities are consistent with those identified by the in-library user survey and in general agreement with priorities of the telephone survey respondents.

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[59] 2002 Needs Assessment, Section VI1-VI7, Plan of Service

This community input guided the building designers and provided the framework for the development of the service plan that will be carried out in the building. The planners also noted that several important themes emerged during their discussions with community members:

- Community members want a library that combined the best of traditional library services with advanced technology. The new City Hall was mentioned as the example of the desired level of technology.

- They place a high value on library services to youth (children and teens).

- They indicate a preference for individual rooms or areas for different age groups, with their own identities and design features.
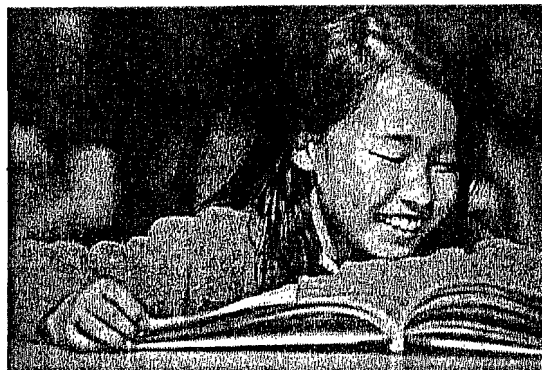
Although three times larger and on two levels, the new building has been planned to be staffed at or near the current level. The building has been designed and organized to work effectively and safely at this staffing level. It is organized so that people can find their way around easily and locate the materials they want with minimal staff assistance. Staff will be located at public service desks, which will be positioned at major entry/exit points and highly visible.

The new building will have a number of devices that will allow users to check materials out themselves and assist library staff members in handling materials more efficiently. The new Cupertino library has eight self-checkout machines and reports that 93% of its circulation is handled by these machines rather than staff members.[60] The Milpitas service model contemplates a similar number of machines and utilization level.

The following table shows a summary of staffing for a Milpitas city library. The estimated budget keeps the hours of service and staffing levels the same as currently provided. Public service staffing (i.e., services to adults, teens, children, circulation, programming, etc.) is at the same level, with the same type of staffing.[61]

Position	FTE
Library Director	1
Office Specialist	1
Office Assistant II	0.5
Library Services Manager	3
Librarian	9
Library Assistant III	3.5
Circulation Supervisor	1
Senior Clerk	2.5
Clerk	11
Page	9.5

[60] Circulation statistics provided by the Santa Clara County Library.
[61] If the city were to proceed with this model, there would be numerous decisions that it could make. For example, it could decide on a different staffing plan that that which is currently in place. Likewise, it might outsource many of the technical services activities.

Subtotal	42
Systems Administrator*	1
Desktop Technician*	1
GRAND Total	44

*Library or city Information Services Department employee

Budget

Operating a Milpitas city library would cost an estimated $4.97 million by today's standards. The following revenue and expenditure tables show the estimated budget for providing services comparable to those now being provided through the SCCL. The basis for the revenues and expenditures are explained below.

Revenues

The bulk of funding to operate a municipal library comes from a city's general fund. This includes property tax, as well as other taxes, and state administered revenue sources. In this case, the revenue table below estimates the amount of general fund revenue necessary to operate a Milpitas city library after certain other known sources of revenue are subtracted from the estimated operating expenditure total of $4,970,219.

The table shows two revenue scenarios. The conservative scenario assumes that the City would receive the equivalent in *ad valorem* property tax as the SCCL now receives, no special tax, modestly estimated fines and fees and state funds. The optimum scenario assumes that the City would receive the *ad valorem* property tax without further ERAF deductions, the special tax, more in fines and fees and state funds. In both scenarios, the basis for estimating fines and fees and state funds are like revenues of comparable jurisdictions.

	REVENUES		
		Conservative Scenario	Optimum Scenario
Local	Ad Valorem Property Tax	$1,761,677	$2,288,239
	Special Tax	0	$889,047
	General Funds: other	$3,029,273	$1,562,933
	Fines and Fees, Other local	$117,750	$130,000
State	Public Library Foundation	$25,519	$50,000
	Transaction-based reimbursements	$36,000	$40,000
	TOTAL REVENUES	$4,970,219	$4,970,219

Property Tax

If Milpitas detached from the SCCL to become a municipal library, the 1% property tax now collected from Milpitas tax payers for library service in the County would be redirected to the City of Milpitas subject to revenue negotiation with the County Library and LAFCO. According to the Santa Clara County Controller, the transfer of revenues to the City, based on FY 2005/06,

could be as much as [62] $2,288,239 or as little as $1,761,677. The amount is influenced by the ERAF shift calculation: the County Library pays a higher ERAF rate than the City. The County Controller estimates that the detachment of Milpitas would create a net loss of ERAF revenue to the State of $526,562. The County Controller is of the opinion that the State would take exception to this loss and would likely require Milpitas to make up the loss.[63]

Special Tax

According to the County Controller, whether or not Milpitas could claim the Milpitas portion of receipts from the SCCL special tax is a legal matter and not within the authority of the County to decide. Rather, it would be a matter between the JPA Board and the City of Milpitas.[64] For this reason, the County Controller would not express an opinion on the disposition of the SCCL parcel tax. As with the County, the SCCL-JPA Board also does not have authority over the disposition of the special tax; the City would need to seek expert legal opinion to interpret state law.

According to Santa Clara County LAFCO Executive Director, Neelima Palacherla, there are different ways to deal with the issue of transfer of funds, depending on local issues and situations. Several counties have had cities detach from county service areas, though not necessarily library county service areas. Examples are located in Sacramento, San Bernardino and Fresno. To facilitate the transfer in one case, the City and County negotiated transition agreements detailing the transfer of assessments. In another instance, the detachment included a condition that required the city to use the reserves (that were transferred from the CSA) to provide and maintain the specific service in the City. It seems certain that the matter of how these funds are handled in a detachment from the JPA will entail negotiations between the City and the JPA Board and undoubtedly legal counsel for both jurisdictions.

State Funds

A portion of some other revenues that currently accrue to the SCCL would instead accrue to Milpitas if it established a city library. For example, state awards for the Public Library Foundation (PLF) would accrue to Milpitas. Likewise, CLSA transaction-based reimbursements (TBR) would accrue to Milpitas provided the library elected to participate in the programs of the Act. At present PLF and CLSA funds are collected for the SCCL district as a whole. The state appropriation for both of these funds is allocated by the California State Library.

Somewhat comparable city libraries in the greater Bay Area serving populations of similar size to that of Milpitas received as little as $19,295 (Mountain View) and as much as $177,599 (South San Francisco) in state TBR income.[65] With its high circulation rate, it is possible that Milpitas would receive higher transaction-based reimbursements from the state than its counterparts. State funding for TBR has also increased in the state's 2006/2007 budget.

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[62] Net transfer means the balance of the tax after the deduction for the Redevelopment Agency and the ERAF shift.
[63] Meeting, January 19, 2006, Ruth Metz, Consultant, with Emma Karlen, City of Milpitas Finance Director, Irene Lui, Property Tax Division, Controller-Treasurer Department, and Dave Elledge, County Controller, Santa Clara County.
[64] Ibid.
[65] California Library Statistics 2005. State operating income consists of Public Library Foundation allocations and CLSA transaction-based reimbursements (TBRs).

For the purposes of estimating Milpitas city library revenues in the table above, the consultants included PLF receipts based on the FY2005-06 per capita allocation (0.3927). For transaction-based reimbursements, the consultants based the estimate on the TBR receipts of libraries of similar size times a factor of 1.5 because Milpitas has a high circulation rate and high non-resident use. The Milpitas Library has a circulation rate double that of its peer libraries. In addition to serving the residents of SCCL, it serves residents of southern Alameda County and north San Jose. As long as the library continues to provide interlibrary loan and direct loan transactions to non-residents, it is expected to be a high net-lender and therefore a recipient of State transaction-based reimbursements. Still, the revenue is dependent on the volume of transactions, statewide.

Other Revenues

Likewise, interest, fines and fees, contributions from individuals and the Milpitas Friends of the Library organization could all contribute to operating a Milpitas municipal library. A Milpitas city library could apply for competitive federal Library Services and Technology Act (LSTA) grants as well as private, corporate, and non-profit grants.

Sales of merchandise and other products are increasingly commonplace in municipal libraries. For instance, the Livermore Public Library sells merchandise from its café, such as coffee mugs with the library logo. It is also commonplace for public libraries to have bookstores that also sell books and library merchandise. Frequently, these are operated by the friends of the library or a library foundation. Typically, these "other" revenue sources generate a very small percentage of a library's revenue. For example, they make up about 2% for SCCL; 1.4% at Pleasanton, 1% at Mountain View, and 6% at San Leandro public libraries.

Another source of revenue, though not included in the revenue estimate, is a library foundation. The establishment of a successful library foundation could generate additional revenue for Milpitas as it has for other library jurisdictions. Establishment takes time and typically it is several years before a fledgling foundation generates significant revenue for a library. Often, such revenues are designated by the donor for specific purposes. Foundation funds are typically not used for operations of the library, but to enhance the collections, services, and programs by supplementing the budget. Foundation fund-raisers find that it is near impossible to interest donors in funding basic operations or on-going programs.

Expenditures

The expenditure budget includes staffing, books and other library materials, and services and supplies. Based on the aforementioned assumptions regarding operations and services of a Milpitas city library (pages 45-49) the following table provides an estimate of the cost to operate a Milpitas city library and therefore the potential cost to the City of Milpitas. These costs are in current dollars. They would of course be higher, according to the effective date of the municipal library establishment.

EXPENDITURES	

PERSONNEL SERVICES	
Salaries	$2,419,049
Benefits	$725,715
Total	$3,144,764
SERVICES AND SUPPLIES	
Equipment maintenance/repair	$12,000
Equipment rental	$12,000
Facilities operations/maintenance	$375,000
ILS yearly maintenance	$52,470
Internet connectivity	$26,400
IT replacement fund	$125,283
Library Materials	$515,270
Membership, Dues	$10,000
OCLC account subscription	$5,000
Postage	$7,500
Printing and reproduction	$5,000
Prof Services contracts	$20,000
Promotional activities/programs	$15,000
Security	$20,000
Software purchases	$10,000
Supplies	$75,000
Telephone charges	$22,000
Training, conference, travel	$12,000
Utilities	$452,100
Vendor supplied cataloging/processing	$53,432
TOTAL	$1,806,896
TOTAL EXPENDITURES	$4,970,219

For comparative purposes, these are the FY2005-06 operating budgets of the city libraries consulted in the course of this study.

	Livermore	Mountain View	Palo Alto	Pleasanton	San Leandro	Milpitas
Population	78,600	71,600	60,200	67,650	81,500	64,600
Weekly hrs	65	64	54	62	58.5	66
Staff FTE	66.25	43.83	55.09	35.19	41.5	44
Main Lib Sq Footage	53,000	72,000	26,313	67,000	75,000	60,000*
Per capita $ Expend.	$57.20	$57.87	$84.96	$54.78	$61.40	$76.94

Outlets	3	1	5	1	4	1
Sq miles	20.28	11.78	25.98	28	14.87	14.5
Operating Budget	$4,495,970	$4,143,249	$5,114,865	$3,705,612	$5,003,942	$4,970,219

*New building

COMPARISON OF ALTERNATIVES

Local Control

The municipal model gives the City of Milpitas greater control over library services than under the current SCCL-JPA. The City Council would be the governing authority; now, a council member represents the City on a district-wide governing board. At the same time, greater control brings with it greater responsibility, liability, and cost. The City Council or its appointed administrative library board would be responsible for planning, operating, and evaluating a quality city library. The City Council would be responsible for funding the library and would be ultimately accountable for the library, its policies, practices, and operations.

The SCCL-JPA model places these responsibilities with the JPA Board; it is exclusively responsible and liable for the library. However, the City of Milpitas has a seat on JPA Board and the potential to influence its decisions are approximately equal to every other member jurisdiction. The exception is that the County has two seats on the Board.

In the SCCL-JPA model, the focus of the JPA Board is purposely broader than a city governing board's focus would be. In a district, the governing board must put the interests of the whole above that of its individual members. In this type of structure, there is typically tension between local and district priorities. The controversy such as that which occurred over the purchase of additional hours by Milpitas last year is an example.

In many ways, a JPA structure, whether for library or other purposes, is the most sophisticated and often the most difficult of structures. Its success depends upon the ability of the players, that is, its board and staff, to function at very high levels. Authority and accountability is not a black-and-white issue. Complex relationships must be forged and sustained.

Funding

The city model puts the responsibility for funding a stand-alone library directly with the Milpitas City Council. Now, for the cost of about $2.9 million, Milpitas residents have access to a good community library and all of the services of a highly-rated SCCL. Milpitas receives more than a full return on its $2.9 million buy-in. It receives about $4.77 million in services, including personnel, materials, and support operations.

The estimated cost to the City of operating a Milpitas municipal library is $4.97 million, not including reserves. The costs of detaching from the SCCL-JPA and starting up the library are additional and could be several million dollars, depending upon negotiations over library collections, equipment, and property.

Under either model, future funding is problematic. It appears that the City does not have the revenues to easily add a library department. The SCCL revenues have been static as well. The SCCL model has this advantage when it comes to funding: the revenues of the SCCL are dedicated to the provision of library services. The City, on the other hand, has many competing demands. Typically, libraries in city and county structures vie for revenues, generally taking their place behind "mandated" and essential services such as public safety, public health, and so forth. Under the city model, the City runs the risk of not having enough money to fund the equivalent library it has now through the SCCL.

Quality Local Service

Each of these models can produce quality local service in Milpitas. Under the current SCCL model, the Milpitas Library is a good library. The funding is adequate to provide a reasonable number of hours of service and this can be and is supplemented by local funding. The collections are very good, the facilities have been built and expanded, the support services are efficiently provided, and the SCCL has sufficient reserves to maintain and sustain the Milpitas Library.

In the opinion of one knowledgeable and seasoned library practitioner who the consultants interviewed during this study, the SCCL has achieved its standing as one of the best libraries in the nation because it has had good funding and effective leadership. To the extent that funding and leadership continue to be strong, the Milpitas Library should do well under the current model. It will also help that Milpitas can opt to purchase additional services, if it chooses. This option, in a sense, gives Milpitas the best of both models. To the extent that funding and leadership are present in a city library, that model also can produce quality local library service.

Community Support

All things being equal, building a strong community identity around the library is one of the advantages of the city model. A strong community identity with the library is often what makes people willing to vote for library funding. As noted above, using the library and being willing to fund it drives the quality of local service.

Under either model, it is a function of the library director to build relationships, connect people with library services, and help people identify with the library enough to want to support it. However, under the SCCL model, the scope of relationships is broader, the district is comprised of many communities, and it takes a great deal of effort and energy to cover the ground. Under the SCCL model, the library director is building relationships with the board, the elected officials of the member jurisdictions, and the library advisory commissions for each of the cities. The sweep of the JPA library district leadership must be broad and for depth, must rely on community library staff, library advisory commissions, friends of the library organizations, and library foundations to build local identity.

Under the city model, the scope of community is narrower. The library director works primarily with local civic leaders, other department heads, and individuals, organizations, and institutions within the community. Under the municipal model, the library leadership is focused on the city and secondarily on those external relationships that make local library services better, such as membership in cooperative library systems. Conversely, under the current SCCL-JPA model, the library leadership is focused on the district as a whole and must count on local individuals and groups to champion the library in their communities.

Non-resident Use

Broadening the range of materials available to residents has been a long held value among California's public librarians. Most public libraries in the state are participants in the reimbursements program funded by the CLSA. CLSA and the programs it supports allow residents of communities who have a CLSA participating public library to borrow materials and use the collections of other participating libraries. These materials may be borrowed directly by visiting the library and checking the materials out or through interlibrary loans between libraries. While participation is voluntary, most public libraries in the state participate in this resource sharing and in return receive subsidies for their willingness to loan their materials to non-residents.

The Milpitas Library is heavily used by non-residents. As the table below shows, 54% of the circulation at the library is by non-residents of Milpitas. SCCL staff ascribe this heavy non-resident usage to the library's broad collection of materials in all formats and a variety of languages, the hours the library is open, and the library's location.

Milpitas	920,679
Other SCCL	25,048
Alameda County	454,970
San Jose	507,521
Santa Clara City	32,908
Sunnyvale	27,777
All Others	38,933
Total	2,007,836
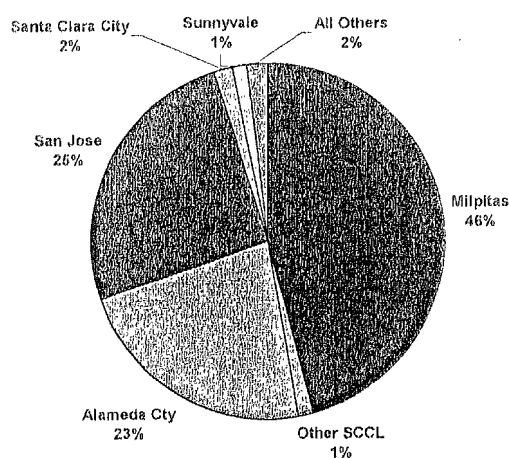
Residents of Milpitas make less use of neighboring libraries. According to the telephone survey conducted as part of the 2002 Assessment, only 20% of respondents (Milpitas residents) said they regularly used libraries other than Milpitas; of those, 48% said they used libraries in San Jose.[66]

Under the current structure, non-residents of Milpitas may use the Milpitas library without paying a fee for the privilege. This is because the SCCL-JPA participates in the statewide reimbursement program. The SCCL receives subsidies for the net loans of library materials to non-residents. Net lender reimbursements accrue to the SCCL ($2,023,893 in FY 2003/04) for the benefit of the whole library system. SCCL receives the largest annual reimbursement by far of any library system in California serving a population in its population-size category (150,000-500,000). This is six times the amount reimbursed to the next largest net lender.

Even though the subsidy is small, most public libraries in California participate in this state program. It makes library collections available to every Californian. It is both a matter of access and convenience for the public and has become common practice.

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[66]*Library Needs Assessment*, Arroyo Associates, Inc., June 2002, Appendix C, Page 1.

A handful of libraries do not participate. San Leandro Public Library is one of the libraries. San Leandro charges a fee for non-resident cards to discourage over-use of the San Leandro library by the residents of neighboring, less well-funded library jurisdictions. According to its current-year budget, the library expects to generate about $40,000 this year in non-resident card fees. This money goes into the City's general fund.

A Milpitas city library could elect to participate or not to participate in the state program. If it participates, it is likely to collect net lender reimbursements, since it is now a net lender in the SCCL. The city could elect instead to charge fees for non-resident use. However, in so doing, it would deny its residents easy and convenient access to neighboring collections. This would probably be a set-back for Milpitas residents who make use of many other libraries as they travel throughout the region and the state.

MAJOR ISSUES RELATED TO ALTERNATIVES

TECHNOLOGY

In order for the City of Milpitas to provide services equivalent to those now delivered from the SCCL, the City would have to replace several essential and potentially costly systems. They include the following components and are explained in detail in Mr. Ford's issue paper (Exhibit B). These systems and services are currently organized, managed, and owned by the SCCL on a district-wide basis.

- The technology infrastructure
- Patron self-service technology
- Materials security and automated handling components
- Electronic databases and specialized services

Each of these systems must be planned, specified, procured, and installed. What is needed for a stand-alone Milpitas city library is beyond the current capability of the City's Information Services department. According to William Marion, IS Director, the department does not currently have personnel on staff with either the time or the expertise to acquire and install these systems. The knowledge and expertise now provided by the SCCL will need to be replaced. This knowledge and expertise must span:

- Library technology planning and analysis
- Library technical services, because the catalog database and acquisitions activities must be supported by the systems selected
- Library materials handling, because circulating and reserving library materials are transaction-heavy functions that must be supported by the systems selected
- Network, telecommunications, and library business functions

The following table shows the costs for these systems; they are based on estimates provided by associate consultant Joseph P. Ford in his issue paper.

System/Service	First Year Cost	Recurring Cost*
Essential Information Technology	$ 437,902	$ 184,924
Integrated Library System	$ 558,888	$ 57,970
Patron Self-Service Features	$ 224,510	$ 29,964
Materials Security & Handling	$ 314,600	$ 56,628
Electronic Databases & Specialized Services	$ 38,500	$ 38,500
TOTAL	$ 2,106,133	$ 367,986

*Recurring cost for these items have been set at 10 percent of their initial purchase price, to develop a replacement fund for heavily-used equipment.

A substantial amount of time will be required to put these systems in place. For example, experts recommend twelve to eighteen months for planning, procurement, and successful installation of a library's integrated library system. Each technology component will also require staff training. Orchestrating the procurement, implementation and staff training required to bring each of these systems on line will be a logistical challenge requiring thoughtful planning in order to avoid any unplanned interruption of library service to Milpitas residents.

FACILITIES

Planning and design work for the new 60,000 square foot Milpitas library building is well under way. However, the new library has been planned on the assumption that it would remain part of the SCCL. No space has been planned for the administrative offices (other than for the branch manager), technical services, or information technology functions that would be needed to operate a stand-alone city library.

According to Mark Rogge, CIP Manager for the City of Milpitas, a building adjacent to the new library location may be available for this purpose. However, no cost estimates have been made for its acquisition and development or for the related operating costs. If Milpitas decides to operate a city library, additional space will be required for administrative, technical, and information technology functions. The City will need to locate appropriate space, design the space, and plan for costs.

Factors to take into consideration in developing space for administrative, technical services, and information technology functions include:

- Proximity to the library building. Ideally these functions should be in the new library building. If this is not possible, they should be as close as possible to facilitate supervision, communication, efficient movement of materials, and to minimize time lost in travel between the two facilities.

- Space requirements for technical services and information technology are impacted by management decisions regarding the level of services to be provided, the amount of out-sourcing or vendor-provided services to be acquired, and the administrative support that the City typically provides to City departments. Business and administrative services are also impacted by the city's philosophy of centralization versus decentralization of these services. Typically, however, even in a centralized environment, a department head requires one or two administrative assistants to handle internal paperwork, provide support for commission meetings, and so forth.

STAFFING

The SCCL employs the staff of the Milpitas Library. Staffing a Milpitas city library will add an estimated 44 FTE employees to the payroll, including a library director and administrative staff. Responsibility for the human resource services provided by the SCCL would transfer to the City.

Administration

If the City of Milpitas chooses to operate the library as a City library, the person in charge of the library will have duties beyond those of the current Community Library Supervisor. The City Library Director will manage the library and assume the responsibilities of a City department head. The Library Director will be responsible for library development, for building community support for the library, and for representing the interests of the City at regional and state levels. The library director would play a key role in establishing a library foundation and for building and sustaining relationships with community groups and organizations. Similar to any city department head, a Milpitas city library director would be responsible for financial management and personnel management. The credentials of a city library director would command a salary comparable to a department head in the City.

Human Resources

The City of Milpitas will have to develop job descriptions for approximately eleven new positions, determine the appropriate compensation for these new City positions, then recruit, select, and train a library staff of approximately 44 FTE. There will be more than forty-four new employees, since a number of library positions will be part time.

The appropriate bargaining unit for these employees would have to be determined and either a new bargaining unit contract or an addendum to an existing contract negotiated. Both the union and city management will have to get up to speed on the unique scheduling issues that public library employees often face and the issues related to the utilization of part time, hourly, and substitute employees, in addition to full time employees.

Current library employees may be interested in applying for the new City library positions. There is no way to know at this time how many will want to work for the City or how many would instead exercise their bumping rights to move elsewhere within the SCCL. As with other transitional activities, planning will be essential to insure that library service to the public is not unduly disrupted.

If the City decides to establish a City library, it should hire a library director and a small core of staff well in advance of the transition. Having a city library team in place to plan and manage all the activities leading up to operating as a City library will ease the transition for the City staff and the public.

INTRA-SYSTEM SERVICES

Access to Collections

If Milpitas were not part of SCCL, Milpitas residents would still have access to the collections of the SCCL, the region, and the state provided that the City reciprocates. That is, a Milpitas city library would loan its materials to non-resident Californians. Nevertheless, the ease of access Milpitas residents have to other libraries would be somewhat diminished. They would have to search other library catalogs or go to the libraries to see what they owned and whether or not the desired item was currently available. If the item was in the library, a Milpitas resident could

check it out. It might be necessary to obtain the host library's card to use at the library unless the Milpitas library card is honored. Such practices vary from library to library.

If the desired item was not immediately available to check out, a Milpitas resident could request it through a process known as interlibrary loan. This is a library-to-library loaning process, not a library-to-individual process. Depending upon the agreements and procedures in place, it may be necessary for an individual to physically go to the library to make this request, rather than making it himself at his convenience. The Silicon Valley Library System (SVLS) does provide delivery among its members, but the delivery is to touch points within each member library's system, not to each individual library facility. It would take longer for a Milpitas customer to receive an item requested from Cupertino, for example, if the Milpitas library were not part of the SCCL but had to rely upon borrowing relationships and schedules among SVLS members.

Rules and regulations regarding loan periods, fines, and the number and types of items that can be borrowed vary considerably among libraries. However, they are uniform throughout the SCCL. This is usually appreciated by the library customer. If Milpitas is a separate library using other separate jurisdictions, its residents will have to contend with a variety of rules and regulations concerning library use, fines, and fees. This can be confusing and frustrating for the library user.

Delivery of Materials

Residents of Milpitas can easily and quickly borrow and pick up items from anywhere in the SCCL service area. Through a search of the SCCL online catalog, they can locate and determine the availability of an item, regardless of where it is located in the SCCL. If it is available, they can go to the library to check it out or request that it be delivered to the most convenient library location. If the desired item is already checked out, they can request that the item be sent to their preferred pickup location as soon as it is returned.

This seamless system is made possible by the ILS technology, which makes it easy to see what is owned, where it is housed, and whether or not it is immediately available. The ILS also makes it easy for library customers to place requests for desired items and to specify their preferred pick up location. The SCCL delivery vehicles move thousands of items a day around the library system. Delivery service to and from the Milpitas Library is made on a daily basis. The SCCL delivery system intersects with the delivery system of the regional SVLS.

Availability of Expertise

With approximately 242 full time equivalent (FTE) staff, SCCL is able to provide a broader range of expertise than the 44 FTEs a Milpitas city library would have on staff. For example, the SCCL has a pool of staff to draw on when selecting and cataloging library materials in multiple languages and on topics that appeal to a variety of cultural backgrounds and interests. Likewise, the SCCL has specialists who plan and provide outreach services, age-related services, and special events. This expertise will be difficult for a Milpitas city library to obtain unless it is by purchasing it from another provider.

LIBRARY COLLECTION

The disposition of the Milpitas Library collection will be a matter for negotiation, should the City decide to detach from the SCCL. Currently the collection has approximately 242,000 items. SCCL administration has estimates its value between $4,000,000 and $10,000,000. In addition to whatever the City might have to pay for the collection, there may also be costs associated with separating the collection from the SCCL. For the purposes of this study, Mr. Ford has outlined and estimated these costs in his issue paper.

A Milpitas city library will need the expertise of qualified library staff to select, acquire, catalog, and maintain a multi-language collection. Because of the size of its library materials budget ($2,885,000 in FY 06), SCCL has been able to negotiate very favorable discounts with its primary vendors. For example, SCCL receives a discount of 45.3% on trade books from Ingram, its major vendor. With a much smaller City library budget, the discounts received may not be so favorable. This means that the library's materials budget will not stretch as far as it does in a large system that can take advantage of volume discounts. Volume discounts will impact all types of library material, as well as negotiated prices for electronic databases and vendor-supplied cataloging and processing services.

Pooled expertise within SCCL provides a high level of knowledge which can be applied both in collection development (selecting, shaping, and retaining collections) and collection acquisition (finding sources and negotiating the most favorable terms for purchasing and receiving materials). The larger the staff, the more specialization there can be. City library staff are, of necessity, generalists who will know as much as possible about these technical services functions. However, they may not have the depth of expertise and experience that working in a larger library with a larger budget provides. SCCL can provide both expertise within the technical services functional area as well as among all the age level service specialists, multi-cultural specialists, and collection specialists throughout the entire system.

Milpitas is a multi-ethnic, multi-racial, multi-cultural community where fifty-two languages are spoken in the schools. The SCCL has successfully developed a collection of books and audiovisual materials for all ages, in a number of languages, for the users of the Milpitas library. This effort is highly valued. Community members have asked that this level of collection development continue and even be accelerated.

DETACHMENT PROCESS

According to the SCCL-JPA agreement, a member may withdraw from the SCCL upon written notice to the JPA Governing Board. Notice of termination must be made no later than the 1st of August for withdrawal the following fiscal year, effective July 1. [67] The agreement stipulates:

"Consistent with applicable law, existing library property and property acquired solely with library district revenue [as specified in the agreement] remains the property of the Agency. Property acquired from benefit assessment revenues and proceeds of Mello-Roos or other

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[67] SCCL-JPA Agreement, Section 3.6, p. 4

special tax shall be the property of the Agency, subject to distribution in the Governing Board's discretion to any member city which withdraws from this agreement."[68]

A decision to establish a municipal library and to withdraw from the SCCL should allow lead time sufficient to avoid any interruption of service to the residents of Milpitas. These major processes must be managed somewhat simultaneously:

- Legal process for the establishment of a city library
- Legal process for detachment from the SCCL-JPA
- Negotiations between the City and the SCCL-JPA related to property distribution
- Planning, procurement, and installation of replacement systems and services
- Staffing plan; hiring, training and orientation of 44 FTE
- Negotiating with the union regarding new employees
- Service continuity plan
- Public Information and community relations preparatory to the transition

A master plan for transition should be developed and the appropriate expertise acquired throughout the transition process. There will also be great deal of work and time involved for both the City Council and the City staff. Should the City Council decide to detach from the SCCL and establish a city library, it should consider hiring a transition manager to keep these processes on track.

C O S T S

Establishing a city library in Milpitas must take into account more than the annual operational costs. For example, the SCCL has a fund balance to pay for technology replacement, building improvement and emergencies, including economic uncertainty. Likewise, a Milpitas city library will need reserve funds in order to maintain and sustain an effective, high-quality library operation.

Becoming a stand-alone city library will undoubtedly have associated replacement costs. These costs recognize the potential of having to replace some or all of the existing materials, equipment, systems, or functions that are now provided by the SCCL. There will be costs associated with the detachment of Milpitas from the SCCL, spill-over costs that impact the City's other departments, and transitional costs related to planning a smooth transition. For the purposes of this study, the consultants have estimated the operational, replacement, and reserve fund costs. The detachment, spill-over, and transitional costs have not been estimated.

Operating Costs

Now, the Milpitas pay-in for library operations is $2.9 million, including taxes and the additional funding from the City for extra hours. The table below shows the estimated tax revenues paid by Milpitas taxpayers and the additional funding for hours paid by the City. The consultants have estimated that the return on this investment is $4.77 million; $3 million is a

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[68] SCCL-JPA Agreement, Section 4.2, p. 4

direct return to source (personnel and materials) while the rest is the approximate cost of central services that support the Milpitas library.

Current Milpitas Pay-in for Library Operations: SCCL-JPA Model	
Ad Valorem taxes	$ 1,761,677
Special tax	$ 899,047
Extra Hours	$ 242,631
Total	$ 2,903,355

The consultants' estimate for operating a Milpitas municipal library is $4,970,219 in today's dollars. As previously reported, the amount of library tax revenues that might return to the City is subject to deliberation between the principal parties: the City, County, and SCCL-JPA Board. In particular, the disposition of the special tax revenue, according to the County Controller, is a legal matter between the City and the SCCL-JPA Board. The City will need to seek expert legal counsel on the dispensation of the special tax. Conservatively estimated, the City Council would need to find an additional $3.02 million dollars in general fund revenues; the best case scenario is $1.56 million (see revenue table, page 49).

Reserve Fund Costs

Not only does this pay-in enable the annual operation of the Milpitas Library, it also provides for the financial security of a SCCL-wide fund balance and dedicated reserve funds to maintain and to sustain library operations. As previously noted, the SCCL has developed three designated reserve funds and in so doing, a fund balance to sustain the library system. The SCCL reserve fund, designated and undesignated is $10,368,391 or about 39% of its annual operating budget.

Similarly, a Milpitas city library must have access to reserve funds. The table below summarizes the reserve fund estimate for a Milpitas city library. The estimates anticipate the future needs of the library for technology and equipment replacement, facility improvements, major repairs, and unforeseen expenses.

Reserves	Amount	Basis
Building reserve	$ 245,890	5% of annual operating
Technology reserve	$ 491,781	10% of annual operating
Emergency reserves (economic uncertainty)	$ 737,671	15% of annual operating
Undesignated	$ 491,781	10% of annual operating
Total	$ 1,967,122	

Replacement Costs

According to the SCCL-JPA agreement, the SCCL owns everything in the Milpitas Library: the collections, furnishings, systems, and equipment. Should the Milpitas City Council decide to create a city library, it would necessarily initiate proceedings to detach from the SCCL. The

terms of that detachment with respect to assets would have to be negotiated with the SCCL-JPA Board.

It was not possible for the consultants to ascertain what these costs might be. According to SCCL administration, this becomes a matter of negotiation only if and when the City of Milpitas initiates the detachment process. For the purposes of this study, however, the consultants have estimated what replacement costs might be for an equivalent collection, systems, furnishings, and equipment. This estimate is for the purpose of alerting the Milpitas City Council to the potential costs of a establishing a city library. It is not to suggest that these amounts should be the basis for any future negotiations.

In fact, the discussion of detachment prior to the fact, the distributing of assets in the event of a detachment, and the financial and other consequences for both parties should not be off limits. Consideration of detachment is to be expected in an organization like the SCCL. Discussing it openly and directly is not only appropriate but is apt to help the parties find a political solution rather than a statutory one.

The estimated replacement cost, summarized below, does not include any estimates for the aforementioned additional space that would be needed for administrative and technical services functions. The estimated replacement costs associated with establishing a Milpitas city library totals $9,274,400. Each item below includes the 10% contingency factor recommended in Mr. Ford's issue paper.

Estimated Replacement Costs		
Essential technology infrastructure, initial cost	$	437,902
Recreate ILS Services w/existing collection	$	558,888
Collection replacement	$	7,700,000
Purchase of patron self-service technologies	$	224,510
Materials security/automated materials handling	$	314,600
Electronic database and specialized services	$	38,500
Total Replacement Costs	$	9,274,400

Other Costs

As previously mentioned, establishment of a Milpitas city library will have direct and indirect costs associated with the detachment process and the transition from one operational structure to another. Bringing a new department into the City family will have spill-over costs for the other departments, particularly but not exclusively for Finance, Human Resources, and Information Services.

For example, the detachment process is likely to entail significant attorney's fees, depending upon the posture of the SCCL-JPA regarding detachment negotiations. City staff time will be considerable in working through the details of a detachment process. Detachment negotiations need not be oppositional and difficult but they can be. Even under the best of circumstances, it will take considerable time to negotiate the terms of a detachment from the SCCL. The City might consider hiring a point person for these processes which could be of considerable duration. In any case, the City Council will want to consider the potential for these costs, as

well as the demands on the staff and City Council's time, in weighing its decision about the future structure of library services in Milpitas.

In summary, there could be many costs associated with detaching from the SCCL and establishing a Milpitas city library. These factors warrant the further consideration of the Milpitas City Council as it deliberates on the matter.

- Pending negotiations with the SCCL, there may be costs to transfer the collection, equipment, and furnishings of the SCCL to the Milpitas Library.

- A Milpitas city library will need to purchase essential library information technology systems and equipment that is now provided on a system-wide basis by the SCCL.

- The new Milpitas Library has been designed on the assumption that it will remain part of the SCCL. A decision to become a city library means that space must be found in the new library or nearby for essential administrative and technical functions of a stand alone city library.

- There will be an additional reserve burden for the City if it establishes a city library.

- State funding of PLF and TBR reimbursements has been declining over the years, however the FY2006-07 state budget includes significant increases. These sources will help but they will not be significant in closing the gap between the estimated tax revenue and cost of operating the library.

- Lease revenues paid to the City by the SCCL would cease in the event of a detachment, according to the lease agreement between the City and the SCCL.

- There will be direct and indirect costs associated with detachment from the SCCL and establishment of a city library. These processes will involve a great deal of City Council and City staff time as well as legal expenses.

- For the City and its departments, there will be spill-over costs as the result of establishing a new City library department.

- The City may need the assistance of additional personnel to manage the transition and to help City staff "ramp-up" the Milpitas city library.

CONSEQUENCES OF DETACHMENT

The detachment of the Milpitas Library from the SCCL-JPA could negatively affect library services in the region. Milpitas is one of the two largest cities in the SCCL-JPA. If Milpitas withdraws from the system, it will take with it at least $1.7 million and possibly more in tax revenues, its share of PLF funds, TBR reimbursements, and a portion of fines and fees. The loss of a member, especially one of the SCCL-JPA's largest members, reduces revenues to the SCCL -JPA and increases the burden of support costs on the other members. Milpitas is also a significant library service provider in the SCCL-JPA. Additionally, the detachment of any

member library is precedent-setting for the SCCL-JPA. Whether or not others would follow would remain to be seen, but the departure of the City of Milpitas could destabilize the SCCL-JPA, if not financially, psychologically.

CONCLUSIONS
QUALITY AND EFFECTIVENESS OF CURRENT LIBRARY SERVICES

Milpitas residents enjoy high-quality library services. By all measures, the Milpitas Library is effectively providing services to the community. It provides a wide range of services suited to its diverse service population through a knowledgeable and helpful staff. It provides a highly used print and non-print collection for all ages, in a variety of languages. Its programs for children, teens, and adults are well-attended. It is well-funded, well-used, and well-regarded. In addition, Milpitas taxpayers are getting good value for their investment.

The most cited limitations relate to space. Service and collection limitations relate to the small size of the current building. These space-related issues will be addressed with the planned new building, which will be three times the size of the current facility.

The quality, effectiveness, and efficiency of the Milpitas Library are a consequence of its membership in the SCCL, a library system which is justifiably rated among the top libraries in the nation. The SCCL has made good on a long-held vision for strong, community-based libraries, good collections, and expert staff. Its central support services are strong yet leanly staffed. It has kept pace with library service and technological innovations. It is able to successfully implement enhancements to the system. It has been a vehicle for building, renovating, and maintaining community library facilities.

To many observers in the California library community, the SCCL has been a model of creativity in surviving the waves of funding reductions that have swamped libraries in California for the last three decades. Some attribute the SCCL's high national ranking in recent years to its past resourceful leadership and the relatively good funding that leadership salvaged for the library.

ANALYSIS OF THE ALTERNATIVE LIBRARY STRUCTURES

The Milpitas City Council has two practical options for providing library services in Milpitas. They are the current SCCL-JPA model and a Milpitas city library model. The model that gives the Milpitas City Council the most control over the library is the city library model because the City Council is the governing authority. The model that is likely to serve the public best is the current model because it is effectively providing library services to Milpitas and gives the City Council the option to purchase additional services.

The current model is also the best value for Milpitas taxpayers. Under the current model, Milpitas residents get all the benefits of membership in the SCCL-JPA, for an estimated buy-in of $2.9 million. The benefits include access to all of the libraries and services of the SCCL. The

residents of Milpitas get an excellent community library that today would cost the City an estimated $4.97 million dollars (2005/06) to operate.

While the city model gives the Milpitas City Council control over library services in Milpitas, it also adds significant responsibilities and costs. The cost is not only in operating the library annually, but in establishing and sustaining it. Replacement of essential comparable systems, inventory, and services necessary to become a stand-alone library could add several million dollars of expenses.

The issue of sustaining funding for library services is a challenge under either model. However, it is significant for the SCCL-JPA that Milpitas voters did not support recent tax measures for library services. Before changing structures, it would be worth the investment to find out not only why voters didn't support Measure A and B, but what voters are willing to do to support the library. The presumption that the community will rally behind the library if it is a city library warrants verification through polling. Establishing a city library, given the increased cost, the quality of current service and community satisfaction with the library will be a hard sell.

For a JPA to work, its leadership and its membership must purposefully engage, communicate, and participate with one another. Any issue concerning the well-being of the SCCL-JPA including "detachment" should be open for discussion. Only in this way can the members of the SCCL-JPA find solutions to the problems that are inevitably part of a JPA.

Should the City Council decide on detachment, it should consider hiring a transition manager as well as a library director and technical and professional systems staff well in advance of city library start-up. This will facilitate the uninterrupted continuation of quality library service for the public.

MAJOR ISSUES RELATED TO THE ALTERNATIVES

The major issues related to these structural alternatives are technology, facilities, staffing, intra-library services, library collection, the detachment process, the costs, and the consequences of detachment on library services in the region. These are discussed in detail above.

The SCCL provides many support systems and services that a Milpitas city library would have to provide on its own. The cost of replacing these services could be several million dollars. The SCCL provides other benefits that may not be replicated. For example, Milpitas residents enjoy easy and convenient access to the entire SCCL collection.

The new Milpitas library has not been planned as a stand-alone city library. Therefore it has not been designed to accommodate the essential information technology, administrative, technical, and other support functions of a stand-alone city library. Whether these functions are to be accommodated in the new library or in an adjacent building, a space needs assessment should precede a decision to make the new library facility a stand-alone library.

A decision to withdraw from the SCCL would entail considerable resources and expense. Milpitas would have to initiate detachment subject to all applicable procedural and substantive

requirements of law. Likewise, a decision to establish a city library would require considerable resources and expense replacing systems, services, personnel, and so forth. These two overlapping processes would present a timing challenge. They would also necessitate a sizeable commitment of City Council and staff time, as well as legal, library, and other expertise.

Careful consideration should be given to the timing of these processes in relationship to the opening of the new Milpitas Library. Depending upon detachment negotiations, there could be significant essential purchases to be made before the library could perform its critical functions. For example, the replacement of the integrated library system could take at least 12-18 months, from planning to installation. Likewise the acquisition of a collection could take even longer. The City will need a plan for transition, the resources to carry out the plan, and plenty of time to execute the plan.

RECOMMENDATIONS

1. For now, make the most of the current library structure. Use City funds to enhance library services. According to City Finance Director, Emma Karlan, the City is using about $330,000 from the Transient Occupancy Tax (TOT) revenues to fund Monday library hours at the Milpitas Library. The city could compensate the SCCL to provide more of any services it already provides: additional hours, higher staffing levels for children's or adult services, or additional funds for the collection.

   The City could also separately fund services or projects that the SCCC does not now provide but that the City would like to have. For example, the City could fund a project manager to help the city launch a Milpitas Library Foundation or a fund-raising professional to help the City Council meet its fund-raising objectives for the library. For example, Cupertino has a library foundation and Los Altos has a library endowment that is managed by a non-profit organization.[69]

   Set aside additional local revenues to meet the City's library service objectives. Los Altos and Los Altos Hills have done this by forming a JPA and levying a special tax for additional library services. Setting aside additional funding gives the City more control than it now has over library service levels without taking on the costs of the services it now receives through its participation in the SCCL.

   Enlist the help of the SCCL, the Library Advisory Commission, and the Friends of the Library, to build community support for the library. Be imaginative and resourceful in applying City library resources to make the library a source of identity and pride for residents of Milpitas.

2. Just as there would be negotiations related to a detachment from the SCCL, there can be negotiations to stay in the SCCL-JPA. Consider this question: "What could the SCCL-JPA do to make the City of Milpitas want to stay in the SCCL"? Is a statutory change the

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[69] See Los Altos Endowment website: http:www.lalendow.org/laleheader.html

solution or is there another way to improve the City Council's satisfaction with the SCCL-JPA? For a JPA to work, its leadership and its membership must purposefully engage, communicate, and participate with one another. Only in this way can the members of the SCCL-JPA find solutions to the conflicts that are inevitable in any JPA.

For example, what might improve the balance of power between the City and the SCCL-JPA? Is it more representation on the Board or a change in the way resources are allocated? The provisions of a JPA agreement can be changed by the SCCL-JPA Board. What change or changes might improve the City's satisfaction with the current model? Have this conversation as a City Council and then with the SCCL-JPA. Start low and work your way up; if that doesn't work, take it to an even higher level.

3. Before deciding to establish a city library, be explicit about the goals so that the community can get behind it. For example, the Cerritos (CA) Public Library has a strong vision regarding its library. It is well known for having created "the destination library." In addition, its leadership has made the library as an organization an incubator of ideas about the library of the future. The goal of this particular library is not only to provide outstanding library service, but to be a library industry innovator. The success of this library is no doubt a source of community pride and an asset to the City of Cerritos. If this is the caliber of outcome that the City of Milpitas wants, a city model may be the best option.

   In deciding its future structure, it is important that the City Council be explicit about its vision for the library. Is the City Council's goal to have library services exceed those provided under the SCCL? What particular library service does the City Council want provided that is not now being provided? Is the goal to build community support for the library? Is it to make the library an extraordinary example of a city library? Is it all of these? If the public is going to get behind the idea of a city library, it will want to know what will be gained for the additional cost. Driving the City Council's decision about the structure of the library should be its vision for library services.

4. If the City Council decides to detach from the SCCL-JPA and establish a city library, develop a plan well in advance. The detachment and establishment processes will be a major project for the City Council and staff. A plan will establish the timeframe, the responsibilities and time commitment of staff, any additional expertise that will be needed, and the estimated cost to the City. A misstep could seriously interfere with a smooth transition and continued service to Milpitas residents. Public relations could suffer, time could be lost, and costs could escalate. Allow enough time to accomplish the processes involved in the detachment from the SCCL-JPA and the establishment of a Milpitas city library. Provide a transition manager and the resources for City staff to accomplish the plan.

Exhibit A: Interviews, Consultations, and Site Visits

Interviews

City of Milpitas
Jose Esteves, Mayor
Armando Gomez, Vice-Mayor
Debbie Giordano, City Council
Robert Livengood, City Council
Althea Polanski, City Council·
Charles Lawson, Acting City Manager
Cindy Maxwell, City Planning, Study Project Liaison
Emma Karlan, Finance Director
Bill Marion, Information Services
Mark Rogge, Engineering, CIP Manager
Diane Davis, Friends of the Milpitas Library
Marilyn Hay, Chair, Library Advisory Commission

Santa Clara County Library
Melinda Cervantes, County Librarian
Sarah Flowers, Deputy County Librarian
Gay Strand, Administrative Services Manager
Charlotte Doudell, Information Systems Manager
Linda Arbaugh, Community Library Supervisor, Milpitas Library

Santa Clara County
Dave Elledge, County Controller, Santa Clara County
Irene Lui, Tax Apportionment Manager, Controller Treasurer Department, Santa Clara County

Santa Clara County LAFCO
Dynia Noel, Santa Clara County LAFCO Analyst
Neelima Palacherla, Executive Director, Santa Clara LAFCO

City Libraries
Cindy Brown, Support Services Manager, San Leandro Public Library
Karen Burnett, Mountain View Public Library
Julie Farnsworth, Director, Pleasanton Public Library
Susan Gallinger, Director, Livermore Public Library

CONSULTATIONS

Susan Hildreth, California State Librarian
Anne Marie Gold, Director, Sacramento Public Library (JPA)
April Mannat, April Manatt Consulting, Intergovernmental Relations, Sacramento
Peter Detwiler, Consultant for the Senate Local Government Committee
Linda Wood Alameda County Librarian, retired and former Chair of the Restructuring
California Public Libraries Joint Task Force, 1994
Ann Cousineau, Solano County Librarian
Barbara Campbell, Santa Clara County Librarian, retired
Susan Fuller, Santa Clara County Librarian, retired
Mary Stephens, Director, Yolo County Library
Martin Helmke, Senate Revenue and Taxation Committee
Gerry Maginnity, California State Library, Library Development Services Bureau

LIBRARY SITE VISITS

Santa Clara County Library Headquarters
Milpitas Library
Cupertino Library
Mountain View Public Library
Pleasanton Public Library
Livermore Public Library

EXHIBIT B

KEY ISSUES IN LIBRARY INFORMATION TECHNOLOGY: REVIEW OF THE IMPACTS ON THE CITY OF MILPITAS OF OPERATING ITS NEW LIBRARY AS A MUNICIPAL LIBRARY

BY JOSEPH FORD, JOSEPH FORD AND ASSOCIATES, INC.

Key Issues in Library Information Technology: Review of the Impacts on the City of Milpitas of Operating Its New Library as a Municipal Library

Introduction

Technology in use in the current Milpitas Community Library, and provided by the Santa Clara County Library (SCCL), includes a variety of information systems and services, most deployed in support of public access and public services. Regardless of the direction that the City of Milpitas elects for governance and operations of the new Milpitas Library, in order to provide services equivalent to those now delivered from SCCL, the City must provide all the following information systems and services.

For the purposes of this study, the principal consultant for this section broke technology-related services into the following component areas, each of which receives some discussion and a table of estimated costs.

- Essential Technology Infrastructure

- Integrated Library System (ILS) and Collection Management

- Patron Self-Service Features

- Materials Security and Handling

- Electronic Databases and Specialized Services

Assessing Alternatives and Costs for the Services:

The City of Milpitas has three potential methods for accessing the required services identified in this section:

1. Operate as a community library within the Santa Clara County Library. This alternative is the one currently in use, and requires the least administrative, purchasing, or technical effort by the City of Milpitas.

2. Acquire and operate the technology-based services as a single-user entity. This alternative would require both a greater technical and administrative effort initially, since it would involve the City purchasing and operating all the technology-based services identified in this section of the report. Following the initial acquisitions processes, the burdens of effort would involve materials processing and then support and operations. The City of Milpitas could also participate in service consortia such as the Silicon Valley Library System for such services as database access and materials delivery.

3. Participate in another shared or consortial setting. This alternative is very similar to the service arrangement currently in use, but would involve the City of Milpitas identifying and contracting for library technology services from one or more other public libraries or library consortia.

General Comments Regarding Cost Tables:

Throughout this section of the report, the author has created tables of estimated costs for each of the focus areas, with one-time ("First Year Costs") and Recurring Costs shown. With few exceptions, the Recurring Costs are either estimated at fifteen percent of the initial cost, or in the case of personnel and subscriptions, repeat each year at some established rate.

The sources of estimated costs are based on the consultant's knowledge and experience in conducting purchase processes for such equipment and services, from industry standard costs, and from vendor catalogs and vendor cost quotes provided to similar libraries.

In the final table, within the section titled "Estimated Summary Costs," the author has added a contingency factor to the estimated costs.

Review of Building Program:

To develop requirements for numbers of public access workstations, OPAC workstations, printers, and related equipment counts, the author referred to the "Milpitas Public Library, Library Program Overview" of February 17, 2004. The Building Program calls for a rich mix of staff, public access, and self-service technologies, with over 300 pieces of technology-related equipment planned to be incorporated into the new Library.

Review of Five Key Areas

Essential Technology Infrastructure:

As reflected in the "Milpitas Public Library, Library Program Overview" of February 17, 2004, the new Library will house over 300 pieces of technology-related equipment. Should the City of Milpitas elect to operate the Library as a municipal library, the equipment count will be even greater, because the City will need to acquire and operate the servers and equipment related to an Integrated Library System and Patron Self-Service Features, in addition to Essential Technology Infrastructure.

For the purposes of this section of the report, the author assumes that all inside network and voice cable infrastructure is included as part of construction plans and costs. Additional infrastructure requirements, including voice and data switching, station termination and voice handsets, and related Internet connectivity are shown in the costs for Essential Technology Infrastructure.

Also included are all public access PC workstations,[70] all printers and related peripheral equipment, and requisite servers, firewall, Internet filter, and wireless network equipment. Personnel costs for infrastructure operations and support are also included.

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[70] Staff workstations are included with the Integrated Library System (ILS) costs, since each staff workstation would incorporate ILS client software.

Table 1: Estimated Cost to Purchase and Operate Essential Technology Infrastructure:

Item	Description	Units	Unit Cost	First Year Cost	Recurring Cost [71]
1.	Public access PCs	98	$800	$78,400	$7,840
2.	Laser printers, black and white	76	600	45,600	4,560
3.	Laser printers, color	2	2,000	4,000	400
4.	Inkjet printers, black and white	26	200	5,200	520
5.	Computer servers: print and file servers, staff login [72]	2	5,000	10,000	1,000
6.	Networking devices: routers, Cisco 28XX/38XX	2	5,500	11,000	0
7.	Networking devices: switches, Cisco 35XX, 48-port model, 300 ports required	7	3,200	22,400	0
8.	Networking devices: firewall, Cisco PIX 5XX	1	5,200	5,200	0
9.	Networking devices: Internet filter, 8E6 IR3000 [73]	1	4,000	4,000	3,000
10.	Networking wireless devices: Cisco Aironet 1XXX Network Attachment Points (12), wireless patron authentication server [74]	1	18,000	18,000	3,000
11.	Voice services: [75] switch, handsets, feature options	1	75,000	75,000	4,500
12.	Internet connectivity [76]	1	0	0	24,000
13.	City personnel cost: Essential technology systems operations [77]	.5	238,586	119,293	119,293
	Totals			**$398,093**	**$168,113**

[71] Recurring costs for first five items in this table are set at 10 percent of initial purchase prices, to develop a replacement fund for heavily used equipment.

[72] The Building Program called for a single server, but the author has elected to add one more server for security and performance reasons.

[73] Filtering products generally have a subscription charge in addition to initial purchase.

[74] In addition to the wireless NAPs, the costs shown include a wireless authentication product such as Bluesocket.

[75] At the time of this report's preparation, no details are available as regards voice services choices, equipment manufacturers, and related matters. The costs shown are typical for standalone voice switches and handsets. Other options might reduce costs, for example, trunking voice services to a City of Milpitas switch. According to e-mail communication from William Marion, City of Milpitas IS Director, SCCL voice services are not compatible with City of Milpitas services. That, and the fact that no details have been developed regarding voice services choices mean that the estimated voice services costs shown in this table should be considered speculative but left in place for planning purposes.

[76] The City would anticipate providing separate Internet connectivity for the Library, according to William Marion.

[77] The personnel costs for Essential Technology Infrastructure maintenance and ILS maintenance are shared, with one-half reported in each section, or $119,293 per section. Costs are based on adding two new positions, a Systems Administrator (Class Code 2118) and a Desktop Technician (Class Code 3101) at their 2005-2006 salaries. Personnel requirements, class codes, and salaries provided by William Marion, February 7, 2006.

Integrated Library System (ILS) and Collection Management:

The ILS is at the center of every public library's information technology environment. An ILS provides the patron an online public access catalog (OPAC) and all the features required to support patrons borrowing and requesting materials. The ILS also supports a large variety of staff operations, including materials purchase, cataloging and processing, and inventory processes, records keeping and report generation.

An ILS also typically incorporates a number of access features, including authentication of patrons connecting from remote locations (homes, places of business) and wanting full access to their ILS patron accounts, and authentication of wireless network users. These authentication measures generally make use of the file of library patrons that is embedded in the ILS.

ILS technical environments typically employ from two to five separate servers, which are based on Unix or a robust Windows server operating system. High-speed Ethernet transport links the server family or cluster. In addition to the operating system, ILS servers generally operate a database management system, a web interface, a reports interface, and one or more specialized features related to telephone or internet connectivity for transmitting patron notices and proxying patrons for authenticating access to electronic resources.

In this section, the author has used the 28 staff workstations identified in the Building Program as a basis for estimating ILS software licensing requirements, and has added an additional four licenses for the minimum number of technical services personnel needed in a municipal library to handle the tasks related to acquiring and managing the collection of materials within the library. These are functions now handled for Milpitas by SCCL at its service headquarters.

The collection of materials (books, CDs and DVDs, and other formats) housed in the Milpitas Community Library at the time of this document's preparation number approximately 242,000 individual items. Each of those items corresponds to several data entries in the ILS, with a linking feature based on a unique barcode located on each item and entered also in the ILS.

Should the City of Milpitas elect to acquire the current collection, because of its familiarity and appeal to Milpitas patrons, and assuming a negotiated purchase price for the collection of $7,000,000,[78] then these additional steps would be required.

- SCCL would need to make a copy of the existing database entries for Milpitas and provide them as a computer file to the City of Milpitas.

- Milpitas would need to have an Integrated Library System of its own, installed and operational, or have an arrangement in place for ILS services.

- Because of ownership notices on items being represented in an international library database called OCLC, SCCL would be required to delete their ownership notice and the City of

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[78] Based on the estimated value of the Milpitas collection. SCCL Director Melinda Cervantes estimated the value of the collection between $4 and $10 million in personal communication on February 8, 2006. The consultant used the mean value of $7 million, noting that that value approximately tallies with $25 per title, which is a commonly used estimated purchase price for library materials.

Milpitas would be required to create a separate OCLC account and then add the records deleted by SCCL back to OCLC.

- Data from the SCCL materials database would then be loaded into the new Milpitas ILS, and the required subsequent materials processing would begin. Several labor-intensive steps would be required to prepare the materials for use in the new Milpitas Library:

    - Replace the existing SCCL barcode with a new Milpitas barcode.

    - With a light-pen or barcode scanner connected to the ILS, copy the barcode number into the new ILS at the appropriate data entry location.

    - Complete processing by adding appropriate labels, covers, or other ownership and usage designation.

    - Sort for shelf location.

    - Shelve items for patron access.

- In addition to the personnel needed on a temporary basis to re-barcode materials, the City of Milpitas will require from four to six additional staff positions to handle the ongoing tasks related to materials purchasing, processing, and upkeep.

- Patron records might be copied from the SCCL ILS, because Milpitas residents could still have SCCL library privileges. To develop the required patron database, Milpitas could take one or more of the following steps:

    - Load a copy of the SCCL patron database, and conduct batch editing on the records to ensure that all fines, fees, and borrowing activity related to SCCL is expunged.

    - As an alternative, begin creating a new patron database by re-registering patrons into the new ILS.

Table 2: Estimated Cost to Recreate ILS Services with Existing Collection

Item	Description	Units	Unit Cost	First Year Cost	Recurring Cost
1.	Purchase collection	242,000		$7,000,000	0
2.	Process databases: SCCL copies records and provide to City [79]	242,000	0.05	12,100	0
3.	SCCL conducts holdings delete on OCLC	242,000	0.025	6,050	0
4.	City supplies cost: barcode & labels	242,000	.015	3,630	0
5.	City personnel cost: temporary personnel to re-barcode & file edit, 4,000 hours @ $20/hour	4,000	20	80,000	0
6.	City personnel cost: ILS project analysis, conversion planning, supervision	1	100,000	100,000	0
7.	ILS purchase and maintenance, including all equipment and services [80]	1	265,000	265,000	47,700
8.	Create OCLC subscription account, train personnel, implement profile	1	5,000	5,000	5,000
9.	Re-establish holdings on OCLC for MCL	242,000	.15	36,300	0
10.	City personnel cost: ILS systems operations [81]	.5	238,586	119,293	119,293
11.	City personnel cost: Technical services staff [82]	4	91,025	364,100	364,100
	Totals			$7,991,473	$536,093

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[79] The projected costs for SCCL's data processing activities for creating data files of Milpitas materials are speculative and would require negotiation with SCCL. The costs shown do not include analyst or supervisory time. The estimated rates of 5 cents and 2.5 cents are commonly quoted costs in the library data processing industry.

[80] For the purpose of this section of the report, the author has used the average of costs proposed by the two short listed vendors considered in the last two years by another Bay Area library serving approximately the same population as Milpitas. All servers, software licenses, OPAC and staff workstations, vendor services, and related printers and barcode scanners are included in the estimated ILS cost.

[81] The personnel costs for Essential Technology Infrastructure maintenance and ILS maintenance are shared, with one-half reported in each section, or $119,293 per section. Costs are based on adding two new positions, a Systems Administrator (Class Code 2118) and a Desktop Technician (Class Code 3101) at their 2005-2006 salaries. Personnel requirements, class codes, and salaries provided by William Marion, City of Milpitas IS Director, February 7, 2006.

[82] Technical services staff in public libraries similar to the new Milpitas Library would typically include at least a manager who is also a specialist in material acquisitions or cataloging, one senior paraprofessional staff member with library operating experience, and two junior paraprofessional staff members who handle data entry and records processing. All staff positions make regular use of the ILS. An estimated fully loaded average salary for all four positions is included.

Patron Self-Service Features:

Typically, medium and larger public libraries have elected to deploy patron self-service technology to reduce staff costs and to ensure even-handed services. A key example is providing access to public Internet computers, where public demand often exceeds supply. Rather than using staff time to adjudicate competing requests for computer time, libraries purchase PC reservation systems that allow a set amount of connect time, assign computers when they are available, and interconnect with Internet filtering and print management and control systems as well.

The SCCL provides, or has in planning for immediate deployment in the case of print management and control, all the functions identified in this section.

• PC reservation: As described above, PC reservation permits patrons to reserve and use a PC in the Library for specified periods of time.

• Print management and control: A system that permits patrons to print from a public access PC, and allows the library to recover its costs in providing printing services.

• Self-check: Patrons use specialized workstations that permit a patron to charge library materials out to the patron's own circulation account, so long as that account does not include excess fines or overdue materials. The workstations are networked to the Integrated Library System using specialized interfaces and protocols.

Should the City of Milpitas elect to recreate these services by purchasing and installing new products, the City faces these tasks:

• Competitive purchase of PC reservation and print management and control systems.[83]

• Competitive purchase of self-check equipment.

• Installation, training, and related services.

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[83] These products are often packaged together and can be acquired in a single purchase process.

Table 3: Estimated Cost to Purchase and Maintain Patron Self-Service Technologies

Item	Description	Units	Unit Cost	First Year Cost	Recurring Cost
1.	PC reservation system license	119 [84]	$400	$47,600	$7,140
2.	PC reservation system server	1	6,000	6,000	900
3.	Services: installation, training, travel	1	7,500	7,500	0
4.	Miscellaneous costs: Slip printers, display stations	1	7,500	7,500	1,125
5.	Print control system license	1	10,000	10,000	1,500
6.	Print control station devices: coin-op equipment, printers, workstations	5	7,500	37,500	5,625
7.	Services: installation, training, supplies	1	7,500	7,500	0
8.	Self-check stations: 3M	3	16,000	48,000	7,200
9.	Miscellaneous costs: Interface devices and licenses	10	2,500	25,000	3,750
10.	Services: installation, training, travel	1	7,500	7,500	0
	Total			$204,100	$27,240

Materials Security and Handling:

Many public libraries employ security measures to reduce theft of library materials. The security measures involve embedding a magnetic strip in library materials, and then setting its magnetic features on as part of the circulation process. When the materials are carried through a security gate, the gates can detect whether an item has been properly magnetized or not.

Other security features are emerging, including the use of Radio Frequency Identification (RFID), which is not currently in use in SCCL, but for which SCCL has conducted a planning study. According to the study, when RFID costs decline and standards-related issues are settled, SCCL will move to implement RFID. [85]

Related to materials security is another technology that will reduce staff time: Automated Materials Handling (AMH). AMH employs industrial conveyors and robotic sorting to pre-sort materials for their eventual branch and shelf locations, thus saving staff time and effort. The new library in Milpitas has AMH incorporated into its design features, and SCCL and City of Milpitas staff anticipate installation of the AMH products as part of library construction.

The Santa Clara County Purchasing Department has a procurement process underway at the time of this report's preparation for purchase and installation of AMH products at seven library

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[84] This number is the sum of the 98 public access PCs and the 21 OPAC PCs referenced in the Building Program.
[85] See the SCCL study report, "RFID Analysis Committee Final Report" October 27, 2005.

locations within SCCL.[86] Milpitas is one of those locations, with installation anticipated in 2007 for the current library, and relocation and expansion of the equipment into the new Milpitas Library when it opens in 2009. Cost projections for materials security and AMH features assume that the equipment and services will be installed twice, and that the City of Milpitas would purchase the expanded AMH and security equipment for the new Library.

Table 4: Estimated Materials Security and AMH Costs

Item	Description	Units	Unit Cost	First Year Cost	Recurring Cost
1.	Purchase AMH	1	$250,000	$250,000	$45,000
2.	Purchase security gates [87]	6	6,000	36,000	6,480
	Total			**$286,000**	**$51,480**

Electronic Databases and Specialized Services:

SCCL currently provides subscription access to approximately 45 electronic databases, including authenticated proxy connectivity for patrons wishing to use these databases from homes or other remote locations. In addition to the electronic databases, SCCL provides access to an emerging information resource called "e-books," a downloadable book that can be loaded onto display devices for patron use during a specific period of time.

Table 5: Electronic Databases and Specialized Services

Item	Description	Units	Unit Cost	First Year Cost	Recurring Cost
1.	Subscribe to the required number of electronic databases and specialized services [88]	1	$35,000	$35,000	$35,000
	Total			**$35,000**	**$35,000**

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[86] See http://www.sccgov.org/portal/site/scc/menuitem.a15358158602f81e3e23ad6735cda429.

[87] This cost is based on consultant's estimated cost after negotiation between the City of Milpitas and SCCL, and on likely costs for which the consultant is relying on his knowledge of the market for AMH products and services. It is important to note that the products in question have not been selected, purchased, or installed at this time.

[88] This estimated cost is based on in part on estimates provided by personnel from the Silicon Valley Library System, from costs for other Bay Area libraries providing similar services, and from the consultant's projections based on costs provided by SCCL.

Estimated Summary Costs

This section includes a single table that restates the estimated costs for each of the five areas reviewed, and adds a 10 percent contingency.

Table 6: Estimated Summary Costs for the City of Milpitas to Operate a Municipal Library

Item	Description	First Year Cost	Recurring Cost
1.	Essential Information Technology	$398,093	$168,113
2.	Integrated Library System & Collection Management	7,991,473	536,093
3.	Patron Self-Service Features	204,100	27,240
4.	Materials Security and Handling	286,000	51,480
5.	Electronic Databases & Specialized Services	35,000	35,000
6.	Contingency @ 10 percent [89]	891,467	81,793
	Total	**$9,806,133**	**$899,719**

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[89] In addition to the estimated costs shown, the author frequently includes a contingency factor in planning for system costs. In the case of the Milpitas Library, a 10 percent contingency overhead would add both one-time and recurring costs.